The Empire Club of Canada

Founded 1903

Addresses

1990–1991

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The Empire Club of Canada

1990–1991
87th Year

HER MAJESTY, QUEEN ELIZABETH II
HIS ROYAL HIGHNESS, PRINCE PHILIP,
DUKE OF EDINBURGH
on the occasion of their 40th wedding anniversary.

The Empire Club of Canada

Founded 1903

Addresses
1990–1991

GOD SAVE THE QUEEN

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The Empire Club of Canada

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Toronto, Ontario M5J 1E3
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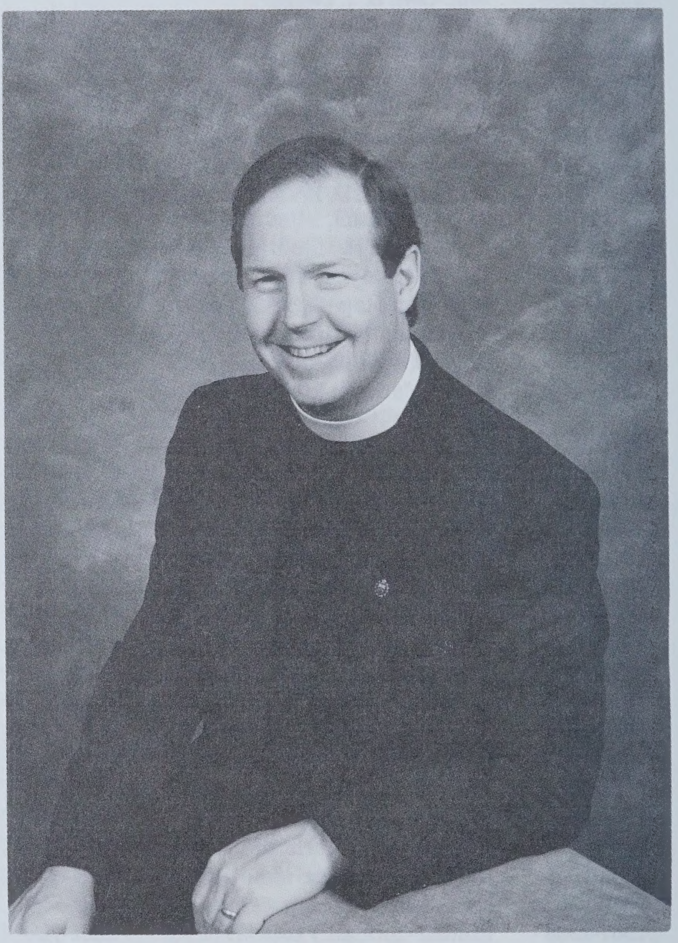

HAROLD F. ROBERTS
President, 1990–1991

The Empire Club of Canada
PRESIDENT'S FOREWORD

Canada in 1990-1991 was an interesting place to be. "The summer of discontent" precipitated native Canadian unrest at Oka, and political change in Ontario of unprecedented proportion; a New Democratic Party Government was elected for the first time. The Meech Lake Accord failed to be ratified. By January, Canada found itself in a deep recession and a nation at War in the Persian Gulf.

Once again all of these events are reflected in the speeches of active participants who addressed The Empire Club of Canada; Chief Georges Erasmus, Premier Bob Rae, Prime Minister Brian Mulroney, Finance Minister Michael Wilson, and Lt. General Fred Sutherland.

From the world scene we heard from religious leaders, politicians and business leaders such as; His Holiness The Dalai Lama, President Richard Von Weizäcker of Germany, Sir Denys Henderson and Edmund de Rothschild.

Added to this was a variety of politicians, pollsters, commissioners, directors, actors, business people and students. We heard about communications in Canada, transportation in Canada, mail in Canada, the census in Canada, energy in Canada, and education in Canada, art in Ontario and the police in Toronto.

All in all it was a wonderful year to be President of Canada's premier speakers forum of record. This volume attests to the fact that the traditions of The Empire Club of Canada continue and are valued by the leaders of our world, our country and our community.

It has been a blessing to me to serve as 87th President of The Empire Club and I trust that this volume will be of interest to you and future generations.

Harold Roberts, President 1990-91

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May 14, 1990

A joint meeting of
The Empire Club of Canada
and The Canadian Club
of Toronto

The Hon. Robert Nixon

Treasurer of Ontario and Minister of Economics

THE 1990 ONTARIO BUDGET

Chairman: **Al G. Jameson**
President, The Canadian Club of Toronto

Robert Nixon:

Good afternoon ladies and gentlemen. I am delighted to have lunch with you, to meet many old friends and have a chance to meet some new people and hear new opinions about Ontario's fiscal position and everything else that has to do with our province. I was particularly interested to meet Mr. McNaughton who is one of our head table guests, and to realize it was his father who was the Treasurer when I was first elected. Charlie McNaughton — I used to accuse him of being nothing more than an alfalfa merchant from Exeter, and if he were here he would be able to say that I am nothing more than a corn grower from Brant County, but I have high regard for him indeed and in many respects we were close friends. I am very pleased to see Mr. McNaughton taking a place in the economic life in the world of Toronto and Ontario.

It was also kind of your chairman to mention my father in passing, who was elected in 1919, long before the Royal York was even built. But when it was, he and my mother moved in here because in those days it wasn't convenient to go back to the farm every night where it now is reasonably convenient for me. In those days, in the early '30s, he paid a dollar a day or a night for a suite. I remember as a kid, I would be very embarrassed coming in here with my mother because she would bring a big bag of oranges and bread and jam. The idea of us actually having breakfast upstairs was embarrassing indeed. It happens to be the same suite that his Honour the Lieutenant Governor presently uses. I think we pay a little more than a dollar a night now, but of course lots of things have changed.

I thought that I would briefly tell you about our fiscal position; refer to the economic projections in the Budget; try to convince you to believe in them as I do; and then perhaps have an opportunity to hear your views and respond to some comments and questions.

Those of you who would be interested in these matters, and I am sure it is all of you, would know that the Budget this year is about $44.5 billion. In general, we are spending an average $140 million a day, which is not a bad cash flow for seven days a week, every day of the year. The fiscal position is one of balance. I certainly don't believe it is a precarious balance because we ended the last fiscal year with about $35 million surplus. It may be higher than that by the time all of the accounts are paid and all the revenue is accounted for, and of course the final report is presented to the Legislature about a month and a half from now. But, there is a solid surplus, not just on our operating account which already had a reported surplus of just under $3 billion, but with all of our capital requirements as well. So on both accounts it was balanced for the first time in 20 years.

As we approached the Budget this time there was some concern that because the rate of growth has been reduced substantially we would not be able to present another balanced budget. The economists at Treasury are predicting, and still predict, reduction in real growth but with a levelling out at about 1.7 percent. On that basis we still feel that fiscally we will pay all our bills including our capital account, and we are projecting a surplus of about $30 million. The last time it was done Charlie McNaughton was Treasurer, 20 years ago. This time, in fact, we have found that the cash flow has permitted us to pay down some of the debt which you know is just under $40 billion. We're paying that down by about $430 million. This is the first time that has been done since fiscal 1947-48. If I may, just in passing, I'll tell you that I believe Mr Frost was the Treasurer and Mr. Drew was the Premier/Prime Minister which was the way he was then referred to. He had decided that there should be that sort of a disposition of assets with a pay-down of debt, and at the same time announced an election only three years after his victory in 1945. I simply mention that to you in case you have the feeling that history repeats itself.

At the same time, I was able to announce that there would be no general increases in taxation, although there was another penny on cigarettes. This will bring us in about, on a full year's basis, $135 million. You might be interested to know that tobacco revenues in this province, although the utilization has been reducing at four to five percent a year, still bring in considerably over $800 million. It is interesting on many fronts, certainly the medical front. From my point of view most of the tobacco is grown in my constituency. So all of my constituents think that was a good tax change! As a matter of fact they are going to come down later this week to give me a definitive reading on their views. I am looking forward to that!

At the same time there was some substantial decrease in taxation. The focus of the decrease, particularly for personal income tax, was on low- income families. It is designed to be concentrated around the children themselves, and a $200 reduction in tax payable simply lifts the level on which taxation begins for a family with two children to about $18,000. It is still quite low indeed, but that is an improvement. We also have tax reductions associated with anyone who is disabled and is receiving care in the home.

On the business side, we doubled the Current Cost Adjustment which was introduced about three years ago in the budget of the day that started in at 10 percent and went to 15 percent. In this budget we moved it up to 30 percent. We are quite concerned about the competitive position as far as Ontario is concerned vis-a-vis other provinces, of course with Quebec our sister province but also with northeastern industrialized states where naturally we have to have a competitive tax regime. As well, a variety of programs were designed to make Ontario an attractive place for capital to be committed.

The operating surplus this year, over-and-above the actual cost of the operation of the government, will be $3.2 billion and that will permit us to do all of our capital expenditure out of that cash flow. There are sensible people on the one hand, conservatives, that say: “Don’t you think that taxes are too high?” And there are sensible people on the other hand, liberals, that say: “Don’t you think you should do more by way of supporting health services, universities, environmental programs?” and so on.

If I had time or if you were interested I could of course indicate to you the strengthening of support in social programs and the provision of infrastructure and education, transportation and the support for the environment that has taken place over the last two years. I could tell you that sometimes I have been referred to as the Treasurer that is characterized by the call “parsimonious old farmer.” I don’t really object to any of those words. Those people who know the spending programs of the province are not totally committed to the view that I am parsimonious, but there is no argument about the rest of it.

In fact the revenue of the province when we took office five years ago was about $23 billion. I have already told you that it is in excess of $44 billion this year. Not only is this based on a very, very healthy economy growing rapidly during the last eight years, but also on the fact that whether you noticed it or not the provincial tax base has been expanded, deepened and strengthened! My opponents call that a Liberal tax grab. You can characterize it any way you wish, but it really accounts for the fact that we have been able to balance the budget; and that we have been able to pay for our programs as they have been implemented and expanded. There is a certain, I suppose, conservative aspect to that, but we think it is appropriate certainly in healthy economic times where the economy is growing substantially, that the taxpayer should be aware that those programs that the politicians deem necessary in response to community needs are going to be paid for, and not simply be put on the ticket to be paid for later.

I personally believe that a balanced budget sends strong signals to the community in general, but its usefulness is far beyond the Treasurer saying "Look what we have accomplished." In many respects it gives us the kind of flexibility that the government must have when it faces the uncertainty of the economic future.

We are confident of the strength of the economy of this province and of this nation. We know that we have a preferred position in this world. Yet there are those misgivings that all of us feel as we look at the numbers as they come in week by week and month by month. We talk about a soft landing, or we talk about how many quarters of recession we may experience in the future. We talk about a manufacturing recession as opposed to a service recession. It is very complex and it doesn't take long before it submerges my economic perceptual ability. But all the same, the flexibility of the balanced budget means that, in the event the government has got to move into a more active role in keeping the economy growing and productive, we have the resources to do so. I don't want to emphasize that in any way other than to tell you that this particular fiscal stance is a good one for me as Treasurer to have behind me as I talk to my colleagues and the head of the government, Mr. Peterson, and we plan for programs in the coming year.

The Ontario economy itself, as I mentioned, is already in its eighth successive year of real growth. The year before last, the real growth was measured at six percent. Almost unbelievable and as fast as any jurisdiction in the OECD community. Last year, growth was reduced to two percent, and this year we are predicting 1.7 percent.

Some of you have spoken to me already about your view as to whether I am optimistic or pessimistic about growth. It is useful for me however to refresh your memory that the Treasury is also associated with the Ministry of Economics, and the economists working for the government are, of course, non-political and disinterested in the best sense of the word. They are experienced not only with our government, but with our predecessors' governments and in giving the kinds of advice to Treasurers and myself for five years which most people feel merits the confidence that our budget has placed in those projections.

It is interesting to note that for each one percent drop in real growth our revenues fiscally will be reduced by $400 million but, besides that simple rule of thumb, as real growth decreases many other responsibilities and expensive responsibilities come to the fore.

We have a very mature, and, I hesitate to use the word generous, but let's say relatively costly system of social programs which are utilized in all parts of this province to an amazing degree. But many of you, particularly from the business community, had the good judgment to urge on me the acceptance of the recommendations of the Social Assistance Review Committee, the so-called SARC Committee, last year which was a one-year additional commitment of $400 million to our social programs. It really meant that our budget for social programs was growing at a substantial rate, and this year when the budget of the Government of Canada put a cap of five percent growth on the Canada Assistance Plan, it had a good deal of significance for our budget. Up until that time, the federal treasury paid 50 percent, half the cost of these approved programs, and most of them were approvable and approved. But last year we didn't expand five percent, we expanded 19 percent, and this year our expenditures go well beyond the five percent again. So the support that has traditionally been 50 percent by the Federal Government has now, once it is spread over the whole program, reduced significantly. That's one of the budgetary difficulties we faced.

Some of you in your responsibilities on the Board of Directors of social programs have followed that very closely, and believe me I appreciate the advice that you have extended quite often in response to our request. But of course advice comes without request on many occasions and particularly for those areas of social programs where people have strong personal views on government policy. Believe me, sometimes I find it rather aggressive, but in every instance I can tell you that the views that you discern from your own experience are extremely valuable as far as I'm concerned.

I have already referred to our projection of 1.7 percent growth based on our expectation that we will create 64,000 new jobs this year, and this will result in an unemployment rate of 5.6 percent which we expect to continue to be the lowest in Canada. If you look at the numbers from across Canada you will understand that real growth is going to be more rapid in Alberta and British Columbia, and this is to be expected because of the changes in the economy there. Ontario has had the benefit of very rapid growth rates, and we have been in that sense subject to criticism, not all realistic, on the basis that our inflation rate has somehow fuelled inflation in Canada. I reject that frankly because deficits are really what cause inflation. On that basis we have been paying our bills as we have gone along. But still, particularly in real estate markets in the Greater Toronto Area, there has been a huge increase in cost if not value. That has moderated, as those of you who are interested in selling your home will know better than I, those of you who are interested in the real estate business. This pressure has been taken off by the western provinces particularly.

As a matter of fact, the inflation rate in both Nova Scotia and New Brunswick is higher at the present time than it is in Ontario. We expect the inflation rate this year to be about 4.9 percent or perhaps a bit lower. The reduced growth that all of us are experiencing that is projected in the 1.7 percent figure, is obviously the result of high interest rates and the relatively high value of the Canadian dollar.

All of the financial writers are talking about Mr. Wilson's leadership in this regard, and of course Mr. Crow's position as being independent of the government, but specifically on the basis of the Bank of Canada providing the leadership in this important matter. I wanted to refer to the inflation rate at 4.9 percent, and our expectation that it will go down from that level. That is one of the projections in our budget and allows me to give some advice, virtuous or otherwise, to the people who are making the decisions in this connection.

Many of you remember the earlier part of this decade when interest rates got up to 19 percent and higher. It is often put to me as a Liberal Treasurer that there is a similar justification for the present course of action. To some degree there is a comparison. We have to recall however, inflation in those days was well over 12 percent, and the problems the economy faced were somewhat different. I personally believe that inflation is reasonably well contained, although I wouldn't for a moment say that 4.9 percent is a nice, relaxed level of inflation. When I came into politics, we were worried when it got past two percent. Those were great old days indeed when we had to dig very deep to find things to chastise the government about. But of course it was our duty to do so and we did.

I would like to outline the considerations that led me as Treasurer, and us as a government, to conclude that moderate interest rate easing is likely over the remainder of this year. That conclusion is the basis for the forecast that the Ontario economy will see continuing but slow real growth of 1.7 percent this year. I share Mr. Wilson's concern about the impact accelerating inflation could have on the Canadian economy. However, the evidence suggests that inflation in Canada is easing rather than accelerating. Over the five year period 1984 to 1988 the CPI inflation in Canada was remarkably stable ranging from a low of four percent to a high of 4.4 percent. In 1989, a year ago, the rate jumped to five percent, primarily as a result of Federal excise tax increases. By June of this year, we expect the Canadian inflation rate to return to the mid four percent range. By then the excise tax increases introduced last year will pass from the inflation rate, and in addition recent oil price declines will be passed through to consumers.

The view that inflation is improving is not one that we hold alone. It is implicit in both the 4.7 percent inflation forecast in the Federal budget and in the 4.8 percent rate that professional forecasters are, on average, predicting.

It is important that Canada's inflation rate not be substantially above that of our primary trading partner, the United States, for any prolonged period. However, the current consensus forecast for CPI inflation in the United States is 4.6 percent, not materially different from the 4.8 percent rate that is expected for Canada.

While stable inflation is desirable, the zero inflation sought by the Bank of Canada is not a realistic goal. One of the major problems of attempting to achieve zero inflation or close to it, is that it will require a major change in market and workers' psychology, and this can take a long period of time. In other words, further increases in interest rates at this point will not achieve the zero inflation target. Indeed there is a level beyond which increasing interest rates are not effective, and I believe we have reached that level.

With inflation coming down, the Bank of Canada should turn its attention to ensuring on-going growth in the Canadian economy. The best way to achieve this is to recognize the progress already achieved in bringing inflation down to a stable level, and to lower interest rates accordingly.

I believe in fact that this is happening. The last two weeks have shown a certain plateauing in the upward movement of interest rates and there is no doubt, as people examine the reasons for the Bank of Canada policy, there has been substantial consternation expressed by the fact that our interest rates are five percentage points higher than the United States for a similar term.

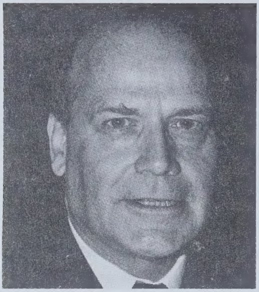
I simply reiterate that I am aware, as is the Minister of Finance for Canada, of the danger of inflation. It seems to be reasonably well contained, and the medicine of ever increasing interest rates is having obviously a negative impact on the body economic in Ontario, and of course elsewhere in Canada. The business people contact us in government, me as Treasurer, with evidence. The Minister of Finance and Mr. Crow, and myself as Treasurer, look at the monthly projections based on sales tax, the intentions for capital commitment, and the returns from corporations. The indication is not by any means a disastrous recession. I suppose last year's talk about a soft landing is not appropriate but we believe, and the budget is based on the belief, that the economy of this province in conjunction with the economy of Canada is resilient and responsive and strong enough to maintain real growth through this year although at a low level. It doesn't mean that each month will have detectable and measurable growth, but on the basis of a recession being two quarters of negative growth we feel that we are going to move through this year without that occurring.

Now there is the dislocation of the impending Goods and Services Tax, but I'll hire my own hall when I want to tell you what I think about that in detail, unless of course it comes up in question period where you will be responsible for it yourself.

I want to say that the Treasurer of the government is confident that although growth will be slow, it will be measurable and real. We appreciate the entrepreneurial spirit that has been shown in this province and particularly in this city, and the confidence that has been placed by outside investors as well as those within our province in maintaining a growth in the economy that we feel is excellent, and that should be maintained in the coming months and years.

I am delighted to have a chance to discuss the budget with you and I feel that perhaps I have cut in to the time that should be reserved to you, but I would now like to respond to any questions or comments that you have.

A question and answer period followed the speech by the Hon. Robert Nixon. The speaker was introduced by Al G. Jameson, President of The Canadian Club of Toronto and the appreciation of the meeting was expressed by the Rev. Harold Roberts, President of The Empire Club of Canada.



May 24, 1990

Keith Spicer

Chairman, Canadian Radio-Television
and Telecommunications Commission

BROADCASTING IN THE NINETIES: NEW BALANCES, NEW PERSPECTIVES

Chairman: **Harold Roberts**
President

Introduction:

As I begin my season as your new President, I must confess I am suffering from a "hangover," but not, I hasten to add, the kind that many of you might assume.

It is not a question of too late an hour nor too much wine the night before; rather it is the fact that my predecessor and distinguished Past President, Sarah Band, had tried to have our guest address the Club during her term. Unfortunately, Mr. Spicer was unable to address us until now and thus, I have a "hangover."

Mr. Keith Spicer has been Chairman of the Canadian Radio Television and Telecommunications Commission since September 1, 1989. To say that he brings a wealth of experience to the post is to make an understatement of great magnitude.

Toronto-born in 1934, Mr. Spicer holds a doctorate in Political Science from the University of Toronto, having completed undergraduate and graduate work at U. of T., the Sorbonne and L'Institute d'Etudes Politique of the University of Paris. He holds honorary doctorates from York, Ottawa, and Laurentian Universities.

His career has been very diverse. He has been a professor at six universities in Canada and the United States; a radio/television host and commentator; a government official, including being Canada's first Commissioner of Official Languages; a businessman in the communications field; a journalist and author in both English and French-speaking Canada and Editor of The Ottawa Citizen from 1985-89.

He is an Officer of the Order of Canada and of the Union des Parlementaires de Langue Francaise.

His appointment as Chairman of the C.R.T.C. immediately placed him in controversy concerning both new legislation to control the C.R.T.C. and developments in the telephone communications field.

I suspect that several of our guests at the head table today have more than a passing interest in what he has to say.

We welcome Keith Spicer and invite him to address us now.

Keith Spicer:

Good day ladies and gentlemen:

The CRTC is an interesting place to work. Everybody you meet outside thinks you're doing a different job.

Musicians, writers and film-makers see you as a so-called cultural agency paid to defend them; private radio and TV executives see you as fellows who need to pay less attention to culture and more to their bottom-lines; the CBC sees you as well-disposed busybodies who really needn't pay much heed to them at all; and the cable industry sees you — well, as guys who, after last week, probably shouldn't be paid at all, unless it's being paid to take a one-way trip to somewhere very, very warm.

Just when you think you've got all those broadcasting people figured out, you remember: Oh, my God, and then there's telecommunications — in dollar terms at least three times bigger than broadcasting, and with a vocabulary 20 times stranger. To muddy the waters completely, the gurus tell you every morning to gargle with the magic word "convergence."

As far as I can tell, convergence means at least 36 different things. But, in some soothing way, it hints that the CRTC is really not, as it often seems, in charge of elephants and pickles. "Convergence" suggests that the whole kaleidoscope CRTC universe will soon come together and make clear to all the logical link between microcircuits and Mitsou, the Quebec pop-star. In Toronto, I guess that would be the link between cross-subsidies in telephone rates and the lady in leather known as Alannah Myles.

Today I'll stick to broadcasting, including cable, and try to sketch out some new balances — and new perspectives flowing from them — which we should probably watch in the 10 years ending our century. These are balances the CRTC must deal with both strategically and operationally; but they also help other Canadians structure their thinking about some of the vital issues we must resolve as a free, creative and prosperous people.

The three sets of balances define: first, the players in the broadcasting universe, second, the clientele the regulator must please or displease with some rough justice, and finally, the balance between Canadians' interlocking views of Canada and the world.

Balance Between the Players:

First, the balance between the four main families of broadcasters, the CBC, the private over-the-air broadcasters, the educational TV sector, and cable. I'll leave for another time lesser, but very useful, categories such as community or other non-profit and native radio or TV broadcasters.

I should say that, for all of them, the CRTC wants to see four characteristics: an extremely strong commitment to revealing Canadians to themselves, a broadcast world with each network projecting an original and distinct personality, and the highest possible quality, which I would define broadly as programming, that's credible to experts but accessible to ordinary non-expert Canadians as fresh, engaging entertainment. Finally, beyond any network role or affiliation, each broadcasting voice must serve the cause of free speech — it must supply and animate Canada's marketplace of ideas.

The CBC is the backbone and heart of Canadian broadcasting. It's a literal fact, I believe, that without the CBC for the past 50-odd years there would not be a Canada — or at least a Canada we could recognize. With or without the words "national unity" in the Broadcasting Act, national unity is what the CBC inevitably promotes just by being itself at its best, the mirror and echo-chamber of Canada. Even before Lorne Greene and Roger Baulu said: "Here is the CBC news" and "Voici les nouvelles de Radio-Canada" in the Second World War, the CBC became synonymous with the idea and ideal of Canada, coast to coast, border to Arctic, and by short-wave around the world. No other broadcaster will or can be what the CBC must be. As a mere rule-maker (a more creative trade than I thought!), I don't pretend to advise the CBC today on its priorities. I might wish, like a few of you, that they could figure out a way to give us both Stanley Cup hockey and the national news on the same night....

I just have two words of encouragement. On one hand, I applaud the two admirable leaders now at the top — Gérard Veilleux and Patrick Watson — in their plans to give us a stable, motivated CBC boldly committed to original Canadian programming. Never more than at this anxious time in our history have we needed a CBC that helps Canadians talk to each other and know each other's hopes and fears and dreams. If we want to avoid or soften future crises of nationhood we've got to have a CBC that educates us to at least the basics about each other.

That can help keep us together. It can also help keep us open-minded. Racism and bigotry follow a simple but inexorable equation: ignorance leads to fear, and fear leads to hostility. Educating Canadians about each other literally attacks intolerance at its roots.

CBC, both radio and TV, does a lot for understanding among Canadians. But let me give you a small example of the remaining potential. During the Sault-Ste-Marie language nonsense, we saw and heard mainly from the extremists. And French Canada, on its news, heard almost exclusively the extremists. A dialogue of the deaf, and of the blind. I wonder what might have been achieved by sub-titling the national TV news of English and French Canada — the French news with English subtitles outside Quebec, and the English news with French subtitles within Quebec. Naive? Impractical? The other day in Paris, I watched the TV news in my room from Germany, Italy and Spain — all with French subtitles. And they're not building a country, just a closer-knit continent.

On the other hand, I encourage the Government to continue its meditation on the CBC's unique role in our country. It's hard for any Government to love any CBC — "you fund them," grumble politicians of every era, "then they slam you on the news every night!" But beyond this normal human reaction is an argument of long-term self-interest for all governments: those sometimes irritating characters at the CBC, over time, can play a decisive role in making Canadians cherish Canada — and therefore in getting them to support leaders, of any party, who try to keep Canada whole. That's why all Canadian governments need the CBC very badly. And that's why federal governments should look for ways, detached from day-to-day annoyances or conflicts, to fund the CBC adequately, predictably and generously. Personally, I don't think that too much of that funding should have to come from advertising. You become what you sell — and it seems to me the CBC's job — without propaganda — is to sell Canada.

The second major player is the private broadcaster. One of the early lessons I learned is that they are not, and can never be, seen as a single entity. For they not only have sometimes conflicting interests (example: AM and FM radio); they are by definition competitors with each other. But they all share this characteristic: they want to be independent entrepreneurs, and free to broadcast shows they can be proud of and which, quite rightly, allow them to make a motivating profit.

The private sector also makes energetic contributions to Canada. Many of its stations, for example, are the electronic town hall in countless localities of this land. They are the place where the whole village meets, hears the news and gossip, and finds help for a cause and commitment to the hometown heroes.

One of the happiest surprises of the past few years has been the appearance of solid Canadian drama on English private TV, both network and independent. We're also getting some excellent new Canadian programming on the new cable specialty services. The old underlying tension between profits and Canadian content is still there, and probably always will be, but for a new species of entrepreneur, Canada and decent ratings are not necessarily contradictions. Shows such as CTV's *Bordertown*, *My Secret Identity*, *Katts and Dogs*, *E.N.G.*, are attracting big audiences because they're good TV.

I think there may be two lessons here, especially for drama. First, maybe we should all be looking to quality, or audience appeal, as the key to quantity — getting more Canadian programming by making shows people want to watch, thereby increasing the shows' market value to the broadcaster. Second — and I'm sure of this — the key to foreign sales is not to produce self-conscious clones of U.S. shows, but unapologetically Canadian ones. We make lousy Americans, but pretty convincing Canadians. And when we act as we are, our so-called parochial concerns and styles can convey universal values the world will want to know about.

As the CBC showed us many years before, Canada has always had the talent to produce fine, unselfconsciously Canadian drama — as well as comedy, variety, and our trademark documentaries. Much of our best talent used to leave for greener U.S. and British pastures. Now, more and more, private broadcasters are also giving Canadian actors, writers, musicians, producers and others a chance, and a reason, to stay at home — or at least a chance to commute from time to time.

I think our private sector, like the CBC, still broadcasts too few fine Canadian shows. But the progress of say, CTV, in portraying Canada in drama is very encouraging. Doug

Bassett's huge investment in Canadian history TV movies, for example, such as in Divided Loyalties, is a trail-blazing effort of enormous scope. Private radio also deserves applause for showcasing Canadian musical talent.

The CRTC will encourage such initiative in every way it can. And it will press some of the less public-spirited private networks and stations to contribute to Canada a lot more than taxes on profits made from U.S. sitcoms.

The third player, a growingly influential one, is the group of provincially funded educational TV networks — TV Ontario, Radio-Quebec, B.C.'s Knowledge Network, Access Alberta, and Saskatchewan's proposed educational cable service called SCN. This sector, I think, offers an incredibly unexploited potential. With modest funding, these networks render services to culture and education of immense worth, and will, as they cooperate more, be able to make a contribution of inestimable value. To do so, they, like the CBC, will have to be allowed to continue to project their unique personalities by being kept from the deforming pressures of commercialism.

The CRTC hopes to see much more interprovincial and, indeed, international cooperation from these networks. We hope they can find the vision, resources and practical means to pull together more to give Canadians another alternative of high-quality TV.

To complete this quick tour of our broadcasting universe, I should mention the growing, and already very significant, contribution of cable. On one hand, it offers ordinary Canadians unparalleled access to TV production through community programming, including multicultural shows. Last week Maclean Hunter Cable in Ottawa initiated a $2.25 million program to provide closed-captioning decoders to the hearing-impaired — in effect making new programming available to some 10,000 new TV watchers in Ottawa.

On the other hand, cable makes possible the increasingly fine specialty services authorized by the CRTC in the past two years — for sports, weather, youth, family, news, and

Moses Znaimer's wildly successful (and wildly creative) MuchMusic and MusiquePlus. I know he gets a little help from Allan Waters, too.

Those are the main players. They all have distinct roles to play, and the CRTC wants to support each in its special mandate. It wants to help each contribute in a unique way to the diversity of views and styles that mirrors and shapes the texture of Canada. We don't want to see half a dozen TV networks showing the same stuff, or hundreds of radio stations all playing the same music. Canadians want, and the CRTC wants to guarantee them, diversity. Not the lowest common denominator several times over, but the highest possible denominator in each original niche opportunity.

Balance Between the CRTC's Clientele:

The second set of balances defines the CRTC's clientele — the groups we serve, sometimes please, and sometimes displease, as we strive to respect their interests in equilibrium with others. These groups are: consumers, artists (or cultural creators), industry (or the economic creators), and the federal government.

First the consumers — and they should be first. Because in good democratic theory consumers should claim priority as tax-payers, citizens and public; and because, in good capitalist theory, the market — imaginatively and sensitively read — should drive much of our programming. Ordinary Canadians, the substance of our country, should always get a loud first hearing on broadcasting, whether the issue is programs, choice or costs. The CRTC must go out of its way to hear the public for another reason. Unlike smaller but wealthy interest groups, the public is divided, scattered and without strongly focused representation — notwithstanding heroic efforts by underfunded consumer and public-interest groups.

A second clientele we serve, albeit indirectly, is the artistic community. In the broadest sense, that covers all those who create TV and radio shows, including the many new Canadian movies we are seeing — writers, performers, actors, musicians, news-gatherers, and their producers and technical colleagues. The CRTC is, and will continue to be, a committed supporter of these creators and interpreters of Canada's culture. By our regulations and incentives and public pleadings, we intend to stay at bat for those who devote their lives, often in fragile financial circumstances, to telling us about ourselves.

If there were one standard by which I think a CRTC chairman should be judged, it is this: when he left, did he foster conditions that gave Canada more, and better, and more widely recognized creative people? Pierre Juneau did, and so did all his successors. I hope I can measure up too. And I know all my fellow-commissioners want to back the cultural creators as much as I do.

After the cultural creators, the economic creators — the entrepreneurs who make up what is loosely called "the industry." If I've left these people until now, it's not at all that I think them less important than the consumers and the artists. It's merely to lead up logically to the foundation role the private broadcasting industry plays in building, maintaining and developing an innovative, universally accessible broadcasting system. Without the entrepreneurs — the risk-takers — their capital, their intelligence, drive and imagination, our private broadcasting sector would not exist. Thousands of cultural creators would not work, and Canadian consumers would have the unsatisfactory choice of only public networks and U.S. ones.

This coming decade looks to be both exciting and uncertain for broadcast entrepreneurs. Some sectors — such as AM radio in many parts of Canada — face severe economic challenges. More broadly, many changes in technology — digital radio, high-definition TV, the so-called 100-channel TV universe, cable addressability, interactive cable TV, direct broadcast satellites, video-on-demand, among many others — will demand strong strategic planning and enormous tactical adroitness. The implications of new technologies are far from clear. But it is plain that they will lead to tougher competition, and to rising potentials and to demands for greater programming choices. Meeting these challenges will demand a lot of capital and elbow-room, as well as judgment. It will also demand a stable, flexible, open and sympathetic regulatory system. The CRTC will, I'm sure, try as much as it can within the high standards of the Broadcasting Act to create conditions of security and freedom so that our economic creators can do their best for Canada and themselves.

I'm pleased to tell you that the first initiative I took when starting up last September — a move to streamline and lighten our procedures and reduce "regulatory lag" — was completed in March, and now some 17 practical improvements are being implemented.

I mentioned the private sector doing well for themselves. Personally, I'm a big fan of profits. For without profits there is no motivation to build, and no freedom to make good Canadian programs — programs that, as the CAB says, "Canadians want to watch."

The final clientele the CRTC deals with is the government. By that I mean Parliament, Cabinet and various sister organizations, especially the Department of Communications. The CRTC is an independent, arms-length agency, and you may have heard my predecessors and me making that point pretty pungently in recent years. As a renegade journalist and a guy who spent seven years as Commissioner of Cornflakes (an officer of Parliament), this independence suits me fine, and I intend to defend it strongly. But also with common sense and perspective. Although I've said my piece in committee about the risk of the CRTC becoming the monkey to the government's organ-grinder, I don't foresee any serious difficulty getting good work done in total independence from the people we deal with in the present government, or indeed those in opposition.

I believe it's not the CRTC, but Cabinet itself, which would come to rue the so-called "tandem powers" of direction and review. As virtually all segments of the industry have warned in defence of the CRTC's independence, overuse of these powers would quickly discredit any government's commitment to a non-partisan, impartial process, and burden Cabinet with line-ups of unwelcome petitioners. In the end, and quite apart from reassuring public and industry that the system is honest, the CRTC protects any government from its friends.

Balance Between Canada and the World:

Finally, I want to say a word about balancing Canadian programming with programming from the outside world.

I've referred briefly to the success, in recent years, of Canadian programming. That's true and encouraging. But it's far from good enough. Too much of what we see is derivative of U.S. ideas and U.S. production styles. I think producers need to keep both eyes on Canada, and not one longingly and insecurely on Hollywood. Moreover, too much of what passes for Canadian content is the easy, almost automatic quota-filling of news, weather, sports and game shows.

This July, my fellow commissioners and I are going to give some fresh thought to our approach to Canadianizing the airwaves. I can't prejudge exactly what we'll come up with. But I can convey our initial thinking. We are concerned that quantity — i.e. Canadian content rules — may no longer be the only or best standard. We are beginning to believe that, while keeping the quantitative rules at least at their current level, we may need to put greater emphasis on quality. Don't worry. The CRTC is not silly or presumptuous enough to want to impose on the creative people its own ideas about what is good or bad programming. I'm just saying that, in consultation with industry and cultural creators, we may have to look for some imaginative, practical ways to recognize and reward initiative and investment in Canadian programming. Some of our priority areas will surely be finding ways to get more appealing drama and children's shows on the air.

I'm well aware that U.S. programming often serves as a cross-subsidy to Canadian shows. As realists, we have to leave private Canadian TV networks and stations reasonable access to saleable products that will assure them money to invest in Canadian programs. What is "reasonable access?" It's access which channels enough funding to make Canadian screens, as Peter Gzowski's contest-girl said, "as Canadian as possible under the circumstances."

I know there are people in this room — not to mention Gerry Caplan at the head table — who think the outlook for Canadian programming is pretty bleak. I'm sincerely glad Gerry thinks that, because he and others like him will keep prodding the CRTC to do what it's supposed to do for Canada.

But since meeting quite a few foreign counterparts on this job I've gained a bit more optimism. Countries as far apart as France and South Korea look on us as their model for defending their own culture on the airwaves. Two weeks ago I was asked by the French minister of Communications: "How is it that you Canadians have all those wonderful rules about defending your own culture in broadcasting? We're terribly worried about the Americans." I replied: "It's easy: our culture — young, fragile and right next door to the Americans — doesn't allow us the leisure you have to be too comfortable with identity. Our secret is healthy paranoia."

You can count on the CRTC to stay healthily paranoid about defending Canada's national personality. We'll do it thoughtfully and passionately — and we won't likely bankrupt anybody along the way.

I'm as aware as anybody that our American friends have developed an entertainment industry which has seduced the world. But all of us non-Americans can be seductive in our own way if we stay faithful to who we are. The French, of course, are seductive. So, in many ways, are South Koreans. Maybe Canadians can convince the world they're sort of like the Swiss, but with sex appeal.

After Tiananmen Square and Eastern Europe, nobody this year ought to need a reminder about how powerful television is as an agent of social, economic, cultural and political change. I'd like to think that with the new many-channelled technologies coming along, we can help anchor the good things about Canada, and minimize the less good things, by opening Canadians' eyes a lot more to the whole globe.

I remember reading a book as a student called *I Found Canada Abroad.* In these days when we achingly need to find perspective on our country, I'm certain that redefining "foreign" broadcasting to mean not America, but the entire world, would help us remember what Canada is and must always be.

Canada is not a constitution. Canada is not a balance-sheet. Canada is an ideal of civilization called tolerance. The tribe-torn world we see on our TV screens needs to see Canada succeed. And maybe we can see a better reason to succeed if we look at how badly the world needs Canada.

Those, then, are the balances of players, clientele and outlooks that the CRTC will be grappling with. In closing, I invite all those who animate broadcasting in Canada to think along with us and to give us your advice. Whether you make movies, music or just millions, I hope you will think hard about how you can use your great power to reinvent this Canada for our children's century.

What do we need to make Canadian broadcasting as great — and as ours — as it can be? Three things: confidence, creativity, and quite a bit of cash. To both the cultural and economic creators, I promise this : the CRTC — by cheerleading, and by making sensible rules, or by getting out of your hair — will try to steer your way as much as it can of all three.

The appreciation of the meeting was expressed by Hershell Ezrin, Senior Vice President, Corporate and Public Affairs, The Molson Companies Limited; and a Director of The Empire Club of Canada.

June 28, 1990

A joint meeting of
The Empire Club of Canada
and The Royal
Commonwealth Society

The Hon. John Bassett

Chairman, Baton Broadcasting Inc.

WE CANNOT IGNORE THE PAST WHEN CHARTING A COURSE FOR THE FUTURE

Chairman: **B.Gen. Stephen F. Andrunyk**
Chairman, Toronto Branch,
The Royal Commonwealth Society,
Past President of
The Empire Club of Canada

Introduction:

Distinguished head table guests, ladies and gentlemen.

Our guest speaker this afternoon is no stranger to most Torontonians, to a vast number of Canadians, and to audiences of The Empire Club of Canada.

Records show that he first stood behind an Empire Club of Canada podium on the 16th of June 1955 when, as publisher of The Toronto Telegram, he reported on his extensive tour of Italy, France, Belgium and Great Britain where he spoke with the post-World War II leaders of these European nations. He was impressed with what he had seen and heard and obviously felt a sense of pride in the fact that Canada was held in such high regard by Europeans. However, it is interesting to note that he ended his remarks on a cautionary note which is worth repeating today in light of the events in the past week.

"I submit for your earnest consideration that the greatest need in this country today is the development of a strong national feeling of Canadianism. I do not mean the development of a sense of narrow nationalism, but I do mean the development of a deep sense of pride in our country, a feeling of brotherhood and common cause between those that live as far away as Halifax is from Vancouver, or as St. John's, Newfoundland is from Victoria."

His second visit to The Empire Club of Canada was on 5 June 1958 when, during the Presidency of the then L.Col. Bruce J. Legge, our guest speaker reported on his visit to Israel where he was specially honoured as a guest of the Israeli Government on the occasion of the 10th anniversary of the founding of the State of Israel.

In his introduction on that occasion 32 years ago, M.Gen. Legge noted that our distinguished guest speaker was a graduate of Bishop's University in Lennoxville, Quebec; that he had served with distinction as a Major with the Seaforth Highlanders of Canada in Italy and Northwest Europe during the Second World War; and that although his career revolved around newspapers, his interests reached out beyond his profession to sports and humanitarian endeavours. Not only was he a Director of the Argonaut Football Club and a Director of the Toronto Maple Leaf Hockey Club, but also a Trustee of the Hospital for Sick Children.

In the intervening 32 years since our guest speaker last appeared before an Empire Club of Canada audience, he has had a most exciting, productive and rewarding career. Displaying the dogged determination, the inexhaustible energy and the courage that have characterized his approach to life, by 1969 he was among other things:

Chairman, President and Publisher of the Telegram Publishing Company
Chairman of Inland Publishing Company
Chairman and President of Baton Broadcasting
President of Glen-Warren Productions
Chairman of the Board, Maple Leaf Gardens
Chairman of the Board, Argonaut Football Club

In between all these responsibilities, he found time to run for parliament in the Toronto Spadina riding in June, 1962.

Since 1970 our guest speaker has gradually divested himself of his interests in the newspaper and sports arenas. Today his business interests are focussed on his broadcast empire where he is the Executive Chairman of Baton Broadcasting Inc. which includes

CFTO (Canada's biggest and richest TV station) and Glenn-Warren Productions, the third largest TV production house in North America.

In 1989, our guest speaker was appointed by the Federal Government as Chairman of the Security Intelligence Review Committee which monitors the activities of the Canadian Security Intelligence Service, an organization responsible for countering threats to the security of Canada.

Ladies and gentlemen, it gives me great pleasure to introduce to you our guest speaker today, a distinguished Canadian, a Member of the Privy Council, an Officer of the Order of Canada, and a Member of the Order of Ontario, The Honourable John White Hughes Bassett.

John Bassett:

It is over thirty-five years ago that I first had the honour and pleasure to speak to The Empire Club as a comparatively young newspaper publisher still in my 30s on my return from a trip to Israel and Western Europe.

In the past three and a half decades we have all seen enormous changes in Canada and particularly changes in this great city in which we all live. Toronto would hardly be recognized today by anyone who had last seen it in the mid '50s.

But unfortunately I don't believe we have ever met under sadder or more serious circumstances in the history of our country than the circumstances under which we are gathered here today.

About a week ago in the midst of the debate about the Meech Lake Accord and the accompanying accord, later signed by all the First Ministers, I received a letter from my old Commanding Officer of the Seaforth Highlanders of Canada to let me know that after 50 years being connected in one capacity or another with that regiment he was finally retiring.

He had joined as a young second lieutenant in the reserves just before the outbreak of the war and, through the subsequent years, rose to command the regiment and won the Distinguished Service Order in the Italian campaign.

It was during this campaign that I came to know him and serve under him and we became great friends at that time and during the post-war years. He remained with the regiment after the war, first as Honorary Lieutenant Colonel and then as Honorary Colonel. In the meantime he had a distinguished career in Vancouver and British Columbia serving also as Lieutenant Governor of that province.

As I read his letter, in the midst of the political crisis facing our country through self-inflicted wounds, I started to think about my many companions who had answered the challenge in 1939-1940 and particularly those from whom fate had demanded the ultimate sacrifice. I could not help but wonder where today in this bountiful land was that spirit of self-sacrifice, that willingness to subjugate personal and regional selfish interests for the common good, where was that tolerance and understanding that under the crucible of war had brought men and women of all backgrounds, of all colours and races united in the common cause.

I remember when Major Paul Triquet, of the Royal 22nd Regiment — The Vingt-Deuxs, won the first Victoria Cross among Canadians fighting in the Italian campaign and I remember the pride we all felt in that great achievement and how symbolic it was that Triquet was a Francophone, his regiment 90 percent French speaking, commanded by Jean Allard, later Canada's Chief of Staff, its Padre Captain Roy, later Archbishop of Quebec and a Cardinal of the Roman Catholic church.

When I read of the Quebec emblem being trampled and burned in Brockville and the Canadian flag being torn and trampled in Montreal, and the National Anthem being booed in both the Skydome and Olympic Stadium in Montreal, I cannot help but wonder what has become of our country and the spirit of understanding and tolerance that built it from a collection of British colonies into a united nation. As I finished Budge Bell-Irving's letter I fantasized about what those companions of mine, not only the ones I served with in the Seaforths but those with whom I went to school and university now lying under neat white crosses in symmetrical lines as if they were still on parade, would think if the Almighty allowed them a visit home. I am sure they would be thrilled and delighted and find much to applaud in what has happened in their home towns and in their country over the past 50 years, but I am equally sure they would conclude that in two fundamental areas, all those of us left with the task of building a nation have made a terrible mess, namely the environment and the political strategies that have lead us to the brink of the country's break up.

As their boyhood was a greater part of the life that they were allowed on this earth, they would be horrified to see what has happened to the clear, swift-flowing rivers in which they swam and fished in their youth, to the lakes on which they sailed, to the air on which they depended for breath and life and to the forests in which they camped and hiked. I am sure they would find it almost impossible to believe that the two generations of Canadians which have succeeded them would have permitted this desecration.

And the other day in Toronto it was announced for the seventh consecutive year, Sunnyside Beach and the western beaches of Toronto would be closed because of the open sewage running into Lake Ontario. I can remember as a young reporter in this city in the late '30s that Sunnyside on a sunny weekend would be crowded with families picnicking and swimming — what a change! And they would undoubtedly wonder what had happened to the good will, tolerance and understanding which was the fabric of the Canada they knew.

If they were granted this visit, they would return from whence they came saddened and puzzled. But in my fantasy I never doubted for a moment that if they were called upon again, even knowing the outcome, to face the challenge of the obscenity that was Nazi Germany under Hitler, their response would be the same.

Well what is our responsibility? First, I think we must decide how these situations of which I speak came about.

My view is that they came about because of the indifference of the ordinary Canadian and the failure to recognize the deep impact on their lives both of the desecration of nature's gifts and the political morass in which the country has fallen.

This indifference has permitted special interest groups to press their concerns to the exclusion of the general good. The failure of the general public, for instance, to recognize the problems and rights of the aboriginal people resulted in a single member of the Provincial Legislature of Manitoba halting the whole political process in that province.

There are no heroes and no villains arising out of this painful debate. No single First Minister has swept the imagination and hearts of Canadians but the end result is that the province of Quebec has already taken the first step to change its relationship with the rest of the country. We must ask ourselves what can we do to salvage the Canada that most of us love.

First, I think we must understand that any minority is riddled with insecurities simply because it is a minority. We must understand that above all else, Quebecers are determined to retain their language and culture and that the actions they take to do so are motivated because they live on an almost daily basis with the fear that the weight of not only the rest of Canada but the whole of the North American continent, will ultimately crush them. Any psychologist will confirm I am sure that the basic insecurity of a minority is simple to discern and should be easy to understand.

This great province of Ontario being the neighbour to Quebec I suggest has a prime responsibility to lead the process of reunification and our Premier, in my view, has given an outstanding example of trying to achieve just that. I believe it is essential that Quebec not be put into a position of isolation from the rest of Canada and therefore I believe that Ontario should join with Quebec in any new constitutional arrangement that Quebec undertakes.

There has been a general assumption, it seems to me, that Ontario would automatically be part of the other eight provinces in any new arrangement that has to be worked out.

I believe such an assumption is wrong and dangerous. It seems to be forgotten that it was the original coming together in 1864 of Upper Canada (Ontario) and Lower Canada (Quebec) that paved the way for Confederation three years later. If we are indeed back to square one then I believe that the best chance we have for the future is to repeat that historical act and let Ontario and Quebec come together again.

Obviously Quebec is stronger with Ontario as a constitutional unit. Equally obvious, Ontario is in a stronger position united with Quebec than having to continue alone to carry the financial burden of most of the other provinces. As a unit within the federal system of our country, Quebec and Ontario together would then invite all the other provinces to join with them in a new Confederation under constitutional terms which would enable Quebec to feel at home again and which would illustrate that at least in Ontario a Canada without Quebec was not acceptable.

I think if our problems are to be solved it is almost essential that ordinary men and women must develop an active interest in the affairs of the country and of their province and work at it. They must be prepared to sacrifice some of their leisure time to join the political organizations of their choice in their own ridings and make their voices heard. They must call their elected representatives to account and they can only do so if they take an active interest in the political affairs of their constituencies. Without that interest we cannot expect solutions which will preserve not only the gifts of nature which are being so badly misused but the gifts of the spirit — understanding, tolerance, goodwill — which are so badly needed.

Let your memories go back with mine to the men and women of this country who sacrificed so much so that the nation could survive free and proud. Those of you who are too young to remember those days, ask your parents, your grandparents, your teachers and others who do remember and who were there and then decide whether we are playing our full part.

There are those who say memories of the war years are irrelevant today, that stories of those days are boring to those who did not live through them. I do not agree. I believe that we cannot ignore the past when charting a course for the future. I believe we can learn from the sacrifices of other Canadians when seeking our own paths of service so that we can play our full part in preserving and protecting the great heritage that is ours. Only in this way can we ensure that when the day comes for the final accounting of our lives, we shall not be found wanting.

The appreciation of the meeting was expressed by Harold Roberts, President of The Empire Club of Canada.

There were once two bull frogs who had grown up together in a pond. One day they decided to broaden their outlook and so they left the pond to explore the world.

As fate would have it, they happened upon a farm and entered the barn in search of new adventures. Like true explorers to whom life offers challenges, these two found challenge indeed, for they hopped directly into a half full bucket of milk.

For several hours they swam around until finally one, exhausted and discouraged, sank to the bottom and drowned. The other was of more sturdy stock and more determined. He kicked his legs throughout the night.

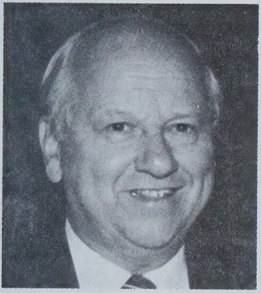
In the early hours of the new dawn, the farmer came to milk the cows and you can imagine his surprise when he picked up the milk bucket and found a bull frog sitting on a half bucket of butter.

Well, there is a moral to the story. If one perseveres, victory can be won.

The events in Ottawa and in Calgary over the past few weeks have brought despair to a great many Canadians. This is a year when, more than ever, Canadians need to reflect on the tremendous blessings and opportunities that we have received and shared as citizens of Canada and members of the Commonwealth.

Mr. Bassett, your wealth of experience and your broad interests have made you a tremendous resource for Canada. The inspiration of your example and your ability to tell a good story have enriched our meeting today.

Thank you for speaking to the Commonwealth Society and The Empire Club of Canada at this our Dominion of Canada Day luncheon.



Sept. 13, 1990

Sir Denys Henderson

Chairman, Imperial Chemical Industries

PUSHING THE PERIMETERS — THE CHANGING INTERNATIONAL BUSINESS SCENE

Chairman: **Harold Roberts**
President

Introduction:

Imperial Chemical Industries, headquartered in the United Kingdom, is the largest chemical company in that country and the fifth largest in the world. With 600 locations around the globe, the company sells its products in 150 countries in the areas of health care, food, home, clothing, packaging, transport and communication. Here in Canada I.C.I. — formerly C.I.L. — is the third largest supplier of chemicals with sales totalling $1.2 billion. As one who has great difficulty even remembering the chemical symbols from grade 12 science, there is mystery in the field of alchemy.

Looking at the biographical notes for our speaker today I find comfort in the hope that he too may not be an alchemist, but rather a businessman of the highest order. In fact Sir Denys Henderson is a solicitor by training.

The place of chemistry in modern life has been aptly described by Alexander Finlay, a former chairman of the British Chemical council, who said,"The enormous industrial development which has taken place during the past hundred years has, to a great extent, been based on and made possible by the work of chemists, by their ability to bring about and control the transformation of matter and to build up complex molecular structures of planned design."

Technology has simply added to the development of chemical and molecular inventiveness to the extent that huge industries have developed, whose diversification of interests boggle the mind.

Born in Colombo, Sri Lanka, he graduated from the University of Aberdeen with an M.A. and an LL. B. He practiced law for three years, served with the British Army for three years and then joined I.C.I. in 1957. In his 30 years with the company he served in many areas (perhaps making up for his lack of chemical knowledge) until in 1987 he was elected Chairman.

In recognition of his service to not only his business but his country, Her Majesty the Queen created Sir Denys a Knight Bachelor in 1989. In the light of the rapid change in global competition and political environments, Sir Denys has chosen to address The Empire Club on the implications of such changes to I.C.I.

Sir Denys Henderson:

Ladies and gentlemen, it is a great honour for me to be addressing this Club which has such a long and proud history. The invitation was one that I was delighted to accept.

To be addressing you today is, even so, a daunting prospect for a stranger like myself although, as a Scot, I would hope not to be regarded as a total outsider. My fellow countrymen have been good at implanting themselves in most quarters of the globe and with particular success in Canada. It was a Canadian who said of us:

"They are the backbone of Canada. They are all right in three vital parts — heads, hearts and haggis." (Sir William Osler)

In any case, familiar as you may be with my countrymen, I expect that the Company I am privileged to lead needs more introduction, perhaps. Its origins will, in one respect, strike a chord with members of this Club. It was formed some 20 or so years later than your Club but its founders, like yours, had a strong devotion to the imperial ideal. When, in 1926, Sir Alfred Mond and Sir Harry McGowan wrote to the President of the Board of Trade to explain and justify the name

"Imperial Chemical Industries" for the new company, they did so in the following terms: "This name was chosen after most careful consideration and study and for very special reasons...We are 'Imperial' in aspect and 'Imperial' in name. Dealing as we have to, with powerful and influential groups in foreign countries, we have in all our negotiations continually to fight for 'Imperial' rights and 'Imperial' markets, as contrasted merely with British rights and British markets."

Those were brave words — even if rather high-flown — but they only serve to show how much the world has changed; so, by way of introduction, let me give you a few facts about ICI today.

We are still a British-based company and proud to be so. Tradition should not lightly be discarded. (I am sure The Empire Club would accept that point). But our vision of the world is certainly not the 'Imperial' one we started out with. We are now one of the world's most international companies.

Our turnover last year was over $27 billion Canadian and profits were over $3 billion Canadian. As regards size, that puts us in the same league as Proctor & Gamble or Boeing. We employ 134,000 people, nearly 60 percent of whom work outside Great Britain. We manufacture in over 40 countries and sell in more than 150. Our products range from pharmaceuticals to fine chemicals, paints to plastics, man-made fibres, bulk petrochemicals, and many more.

About half our business is in Europe and that half is split again — about fifty-fifty — between the U.K. and the rest of Europe. Canada, the U.S.A. and Latin America account for another 29 percent. It is a pattern that has changed and deliberately so. Ten years ago the U.K. was 42 percent of our business; continental Europe only 19 percent; and the "Americas" — defined as everything from Labrador to Tierra del Fuego — only 16 percent. It has been a matter of consistent policy to build up our business in continental Europe and, equally, on this huge continent.

As part of that policy, we recently acquired the minority shareholding in our Canadian subsidiary, C-I-L, with its familiar orange and white logo. It is now a fully-fledged member of the ICI family and, as from May first this year, it adopted our blue and white logo, with the name, ICI Canada. With sales totalling $1.2 billion Canadian, it ranks as Canada's third largest chemical company. It employs over 5,000 people and has 13 major manufacturing sites across the country.

As you will gather, the ICI Group is large. It is also complex. One thing it is not, is a random conglomerate. It has a clear, corporate strategy and a unity of purpose which runs through the whole organisation. I would sum it up by saying that we are International, Competitive and Innovative — the ICI acronym will help you remember that part of it — and we are also focussed. By that I mean that we try to concentrate single-mindedly on the things that we do best.

I want to tell you something about how we are organized — and two aspects of it in particular — but I need first to put it in context. What are the main features of the business landscape worldwide? How is it changing? And what are the implications for companies like ICI?

The most significant change in the last year has been the ending of the Cold War. For years we had grown accustomed to a world divided into two hostile camps — one capitalist and one totalitarian. The division goes back at least to the Second World War and arguably even further to the establishment of the first totalitarian state in Russia 70 years ago. In a few short months it has been swept away.

Europe is in a ferment of change. Germany is being reunited. The countries of Eastern Europe are being transformed economically and, at the same time, are moving closer to the European Community. Meanwhile, the Community itself is rapidly integrating its internal market in fulfilment of the 1992 programme. And even before that is complete, economic and monetary union is high on the agenda, along with discussion of the first steps towards political union.

In this continent, too, the barriers are coming down. The U.S.-Canada Free Trade Agreement came into force at the beginning of last year. More recently, President Bush has spoken of his vision of all American states being "equal partners in a free trade zone stretching from the port of Anchorage to the Tierra del Fuego."

It is a third region, however, that is witnessing the most rapid economic change. It took Japan almost a century to catch up and later surpass the industrialised countries of the West. The newly industrialised countries of Asia — Korea, Taiwan, Hong Kong and Singapore — are accomplishing that feat twice as fast. In the ASEAN area too, dramatic growth is being led by Thailand and Malaysia, with Indonesia and the Philippines not far behind. In fact, Thailand and Malaysia are now the fastest growing countries in the world.

The polarised world of the Cold War has gone. Are we moving instead towards economic regionalism? Will three economic regions — Europe, the Americas and the Pacific basin — replace the two ideological ones? To some extent probably, but my perspective is, of course, a business one. From that viewpoint the dominant trend must be globalisation. It is certainly not new, but the ending of the Cold War will accelerate it. Furthermore, I believe the GATT and the open world trading system will survive the current strain. There is already too high a degree of interdependence between nation and nation and, equally, between region and region. Too many of the world's problems are incapable of solution except at the global level. Those of the environment are an obvious case in point.

The impetus towards globalisation is reinforced for science-based industries such as chemicals. We depend on innovation, which in turn depends on research. But the costs of scientific research are rocketing. To recover those costs, companies like ICI are forced to seek the widest possible market. Often the only market wide enough is global.

This is certainly not to say that the global market is, or can ever be, homogeneous. The three centres of economic power to which I have referred have their own different characters and their own dynamics, as indeed do the individual countries of which they are composed. However, despite those differences, I see them ultimately as parts of a global system, rather than completely separate entities.

I believe, in effect, that the world is increasingly becoming what your Marshall McLuhan termed a "global village." This has a very direct impact on how a major international group, such as ICI, structures itself. The new global setting, and the challenges and opportunities which it presents, have become the keystone of our organisation — and necessarily so. The changing world constantly imposes change on us. Nothing can ever be static.

There are two features of our organisation which illustrate very clearly our approach to the global marketplace. Let me outline them briefly. The first is strategy setting and the second is management succession.

First, then strategy setting.

Our Board is composed of both executive and non-executive directors. The executive directors — the permanent hired hands, if you like — are eight in number and make up what we call the Executive Team.

Our main job is to decide resource allocation — that is to say which businesses to promote and strengthen; which to support in difficulty; and which to divest. In other words, we concentrate on the long term shape of the Group as a whole. We have three other worry-beads as well — the Group's overall financial targets, the most senior staff appointments and external relations.

Responsibility for profit and cash, however, has been pinned firmly on the individual business units. Almost without exception, they are internationally organised and are judged on their global performance. There are, consequently, two parties involved in the strategy setting process — the Executive Team and the individual chief executives of the businesses. The key is to strike the right balance between the short and the long term. The long term is taken care of in a process known as 'strategy review,' whereby the Board examines each business from time to time and evaluates its long term potential for the Group. There is no fixed pattern, but each business unit has a strategy to which it must work, and typically this will be reviewed after three years. The period can be shorter, of course, if a crisis develops through, say, the unpredictability of fate — or of competitor's actions.

The strategies have a ten-year horizon. They contain broad directional targets, or milestones, against which success is measured. An add-up of all the business strategies at any one time gives us a picture of where the Group is going. And we monitor that very regularly, to make sure that plans are turning into action.

The shorter term, meanwhile, is taken care of in an annual process affectionately known as "hell fortnight," in which the Executive Team reviews budgets of all the business units.

The budget has a three-year horizon and is our key instrument of financial control. It includes financial targets — both profit and cash — spread over each of the three years, plus a projection of significant P&L items such as research expenditure and fixed costs. And once those targets are agreed, they become a strict contract between the business and the Board. At each of these annual budget reviews, the business must also show that it is on track in relation to its ten-year strategic path.

The system as a whole may sound complex. To some extent it is: but it has two merits. It does not blunt the cutting edge of the business units. It gives them the freedom of action they need in day to day operation. Secondly, however, it allows the Board to exert a firm discipline to ensure that the Group as whole has the right shape and is moving in the right direction and is actually performing year on year — or not, as the case may be! And right now, with the next eighteen months looking difficult because of lower economic growth in some key markets, we are instructing businesses to tighten their belts still further. I should add that just as we review the long term strategy business by business, so equally we review periodically each of the main regions geographically.

It will be clear, I hope, both from what I have said about strategy setting and what I said earlier about the world business scene, that we regard ICI above all else as being international.

But what does that mean in practice? It is really a question of attitude. It is a question of thinking and behaving internationally.

When you consider the imperial ambitions of our founding fathers, which I quoted to you earlier, you will appreciate that we had a long road to travel. And we had to change. To have stuck to the imperial mould would have locked us out of the world's fastest growing markets. Our problem, in short, was to raise a new generation of managers who were fully at home in a global organisation.

First of all, we had to get rid of any preconceptions about what nationality was right for any particularly job. And we have done that. A Greek runs ICI in Belgium, a Swiss in Italy, a German in Austria, a Frenchman in Hong Kong and an Englishman in Brazil. Here in North America, it is an Australian who chairs our two principal subsidiaries in Canada and the United States. Meanwhile, in London we have a Canadian, Chris Hampson, as a member of the Executive Team to which I referred earlier. Nationality, in short, is not important. What is important is ability and experience. Increasingly, it is international experience that is being seen as essential for anyone who seeks promotion in ICI.

For the 190 top jobs, we have a group of some 240 people already identified as corporate succession candidates. The importance we attach to giving them international experience is demonstrated by the proportion of this group who have held a job outside their country of origin. It has risen from 25 percent to 45 percent in the five years since 1985. Perhaps more important still, those with experience of more than one business have risen from 13 percent to 23 percent.

That, too, is a matter of deliberate policy. Multi-business experience is already accepted as a key to advancement in ICI. The international manager of the future, we believe, must be able to see across borders of every sort — territorial, functional, commercial — if he or she is going to contribute to our corporate thinking.

Management development and succession planning are a part our constant aim to achieve the best possible fit between our organisation and the demands of the global marketplace.

In this, as in all areas of management, there are no absolutely correct and immutable answers. We will always have to adapt. In fact, it is only through change that we can survive, and the pace of change is becoming ever more demanding. But before I close I would like to come back to ICI in Canada because it illustrates the application of a principle to which we will always hold and which will not, I firmly believe, change much if at all.

ICI Canada, through now being fully part of the ICI Group, has greater opportunities than before. Where ICI Canada has the right resources — whether in terms of raw materials, of technology or of people — those resources can be, and will be, developed not just to serve Canada but the wider world too.

One of our global businesses, Explosives, is already run from Canada and we recently strengthened it through the acquisition of a major U.S.-based explosives company, the Atlas Powder Co. The worldwide headquarters for this business are here in Toronto. Another regional business, Forest Products — which manufactures processing materials for the paper and pulp industry — is also headquartered here. It is not yet global in its scope, but it is expanding and we intend to give it the elbow room to do so. It may in due course become the second international business to be run from here.

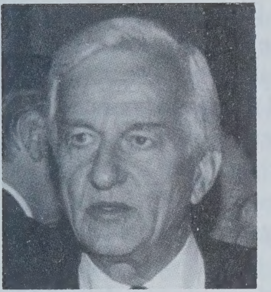
The principle we follow is simply this: the global marketplace demands that we make the best use of all the resources we have available, whether human or material, wherever they may be located. This means in turn that we can never afford any preconceptions or constraints which limit the development of any one part of the Group. For ICI Canada, the opportunities are there. I am sure they will be exploited.

It remains only for me to thank you, Chairman, for inviting me here today and to thank all the members of The Empire Club for the welcome they have given me. Before coming here, my confidence was to some extent boosted by the realisation that the name Henderson holds an affectionate place in the hearts of Canadians. After all, it was my namesake, Paul Henderson, who scored that dramatic winning goal in the 1972 Canada-Russia hockey series. I am told that it is a moment in Canadian sports history that will never be forgotten.

My aim today has been somewhat more modest. I have not set out to win a game, let alone a series. I am simply here to explain the strategy of ICI in a country which has always held a special place in our affections.

At ICI, our success does not depend on one isolated moment of spectacular individual achievement. Rather, it is an on-going process requiring the dedication, endurance and teamwork of many thousands of people. I am happy to conclude by saying that ICI Canada does indeed have the people, the expertise and the desire to be successful not only here in North America, but in the global arena as well.

The appreciation of the meeting was expressed by Peter Hermant, President, Imperial Optical Company Limited and a Past President of The Empire Club of Canada.



September 19, 1990

A joint meeting of
The Empire Club of Canada
and The Canadian Club of
Toronto

His Excellency Dr. Richard Von Weizäcker

President of the Federal Republic of Germany.

THE NEW GERMANY

Chairman: **Al Jameson**
President, The Canadian Club of Toronto

Introduction:

Ladies and gentlemen, today we have the special privilege of being addressed by an individual who can provide us with an update on the historic events that are occurring in Europe.

On October 3, 1990 — just two weeks from today — German unification becomes a formal reality and this historic event essentially brings to an end 45 years of a divided Europe. Our speaker today has been involved in West German politics for more than three and a half decades, having served as a member of the Bundastock, Vice President of the Bundastock, Governing Mayor of Berlin and, in his present capacity, as President of the Federal Republic of Germany — a position he has held since 1984. Ladies and gentlemen, on the occasion of his first state visit to Canada, please join me in welcoming His Excellency, Dr. Richard Von Weizäcker.

Dr. Richard Von Weizäcker:

Mr. Chairman, ladies and gentlemen, I'm most grateful to have this opportunity to address you as guest of The

Canadian Club and The Empire Club here in Toronto. Someone who is acquainted with Canada told me, if you are invited by those two Clubs, you really meet Canada. Thank you very much for this occasion and that great honour.

Ontario is the heart of Canada's business community. You, as leading decision-makers of Canadian life, of industrial and financial enterprises and other circles of society, follow world political and economic developments with particularly close attention and act accordingly in the light of your responsibility. For eight years running, the world economy is showing an upward trend. The O.A.C.D. and the International Monetary Fund have forecast a rare growth of three percent in the industrial countries, both for this year and next.

The great crises in the Persian Gulf can drastically influence these expectations. We all hope it won't, but we should not underestimate its impact, not only on oil prices and energy supply in the Western world, but also on the mood of the world economy as a whole. Nonetheless, international law and the principal of national sovereignty and freedom requires us to stand firm. Our refusal to abandon these principals stems from our deep convictions. No violator of international law, no aggressor, is to be rewarded by mild compromises. It is, moreover, in our own long-term economic interest to stick to this conviction. Regional economic disparities are becoming increasingly apparent. Whereas, in Japan and most western European countries, economic activities continue to expand, in North America it has been somewhat slowing down. Even Canada's seven years' boom may have slightly been affected as a result. The Bank of Canada's tighter interest rate policy to check inflation may also influence economic activity. On the other hand, high interest rates lead to considerable imports of capital and, at the same time, strengthen the Canadian currency in relation to the American dollar.

Owing to its geographical position, Canada is closely linked to the United States economically. Over 65 percent of your imports and nearly 75 percent of your exports are accounted for by your southern neighbour. The Free Trade Agreement with the United States established last year will increase this tendency. But Canada plays a very significant role in the world economy as shown by the fact that its external trade accounts for about 30 percent of G.N.P.

Over the last ten years, Canada's exports have increased by more than 100 percent. This is the best performance among the 10 leading trading nations. The fact that the volume of imports too increased by 112 percent during the same period demonstrates Canada's open-door trade policy. The position which Canada has taken at the World Economic Summits of the seven leading industrial nations has always reflected this country's deep sense of responsibility for the world economic and political situation.

In the international organizations, your country strongly defends the principal of liberal unhampered world trade. It is gratifying to note that our two countries are vigorously pursuing the same objectives. Our excellent political relations are complemented by our trade relations. The Federal Republic of Germany is Canada's fourth largest export market. Last year, your country's export to the Federal Republic increased by over 20 percent, the largest growth rate in the history of Canadian/German trade relations. The volume of trade is close to 9.5 billion marks. German companies have a keen interest in the Canadian market. This is apparent, not least, from the fact that German direct investments in Canada have doubled to over 800 million deutschmarks. Canada is thus the eighth largest market for German investment.

At present, a radical transformation is taking place in the countries of Central and Eastern Europe. They are changing over from Communist dictatorship to democracy. It should be in everyone's interest to integrate these embryonic market economies into the world economy as quickly and thoroughly as possible.

The fate of Eastern Europe affects us all. It would be disastrous if political shackles were to be replaced by economic shackles. In the post-war years, Canada, with an exemplary humanitarian gesture, opened its doors to thousands of people, especially from Eastern Europe, and gave them a chance to make a new beginning. The task now is to help the people in Eastern Europe build a future in their own countries. It is a task which falls in large measure to the big industrial nations. Communism has largely failed due to economic failure, but young democracies are very vulnerable, especially new young democracies. If they have the experience that going into freedom means hunger and need and poverty, that might affect deeply the new democracies.

These changes are of outstanding significance to us, to the Germans. For over 40 years, our nation had to endure an unnatural division. We all know that this division of Germany, which came about during the Cold War, would not have come about without the war started by our country. Nevertheless, it has been the task all of us fought for decades, to overcome the division of Europe and of Germany. Now, under the umbrella of that Cold War, a competition emerged between the two systems of the West and the East and, finally, the leaders of the Soviet Union found out that in order to remain competitive or to become competitive again, they had to embark upon a political and economic reform process.

To switch into democracy and market economy requires freedom and if the Soviet Union wants to accept freedom in its own nation, it also has to accept freedom among their allies. By this, we had this unforeseen dramatic role of free revolutions, of peaceful revolutions in the countries of Central and Eastern Europe. And in connection with that, not only had we that free and peaceful revolution in East Germany, but also the acceptance by the Soviet Union for self-determination in Germany and thus, for re-unification for Germany. This is a very great moment in our history because, so far, we never experienced a unifying of our country with the consent of our neighbours. We have so many neighbours in Europe, more than anyone else — nine neighbours. And so far, history in Germany has always been a history of influence from Germany to its neighbours and vice-versa.

But this time, for the first time, we have really all agreed upon that process and this really changes the history both of Germany and Europe. And for the first time, I think it is fair to say that you will find a united, a unified Germany, which altogether rests on and believes in constitutional basic aims and values of the Western World.

In former times, Germany more than once tried to find some kind of third way — both in its constitutional aspect and in its foreign policy. Being situated in the middle of the continent, it tried to find a third way. But those endeavours for a third way were not very successful — neither for us, nor for the rest of Europe. And now, this time, we really are a Western country and will remain a partner both of the European community and of the Atlantic Alliance altogether. But at the same time, due to our situation and our experience and due to that process which East Germans shared with their Eastern neighbours in Poland and Czechoslovakia and Hungary, we will try to convince, time and again, our European and our Atlantic partners of that great importance of directing our activities in the direction of the whole of Europe.

Unifying Germany is not a process and not a means in itself. It only came about due to developments in Europe and it is now dedicated to the process of unifying Europe as a whole and for that purpose, I think we must come together and stay together and see to it how we can share that great task. Never so far in history had Europe a chance of getting together in also an institutionalized sense. We always had nations fighting one another — nations developing into a dangerous nationalistic mood. Now, the insight is coming into the minds of all the political leaders that practically no single great task of our present and future can be solved by nations alone, — from security to environmental problems — the energy questions — the traffic — everything — our human right problems — has to be dealt with together. And for the first time after the dissolution of the former Soviet Empire, vis a vis its allies, we really have the chance of building up a kind of peace order in Europe together. And in order to achieve that, it is absolutely essential that we stick together not only in the Atlantic alliance but also in those organizations that have been set up together by the North American and the European countries and partners.

My impression during this visit here in Canada is that not only are you open-minded and interested in the development of Europe and Germany, but in a sense, you are ready to increase your engagement in the forthcoming development of Europe. And I think that is very essential for us if we achieve together an institutional process in the C.S.C.E. If we have more than just conferences and informal talks; if we have an institution, a common secretariat; if we have something of a conflict-managing centre managing both possibly military and political crisis, that would really be a very considerable step in the direction of a peace order in Europe. So far we only had peace orders in Europe forced upon the rest of Europe by some kind of impasse. This time we want to have a peace order in Europe established by free nations and out of agreement of those free nations. That is what we feel is our task and that is a task which I think we really share.

In order to do so, of course, we will have to overcome some problems that still exist. You have had your difficulties with the European community as far as trade policy is concerned. We, the Europeans, have to contribute to a success of the GATT agreement and we know that we don't have only to expect some concessions from the United States — we also have to contribute to this kind of success. And there are other questions which you may put at our address so that the forthcoming single-market and the European community is not becoming a fortress. It is not in order to please you, but simply to try to explain to you our interest, to say that we the Germans completely depend on open-markets. We would kill our own chances if we would agree to some kind of fortress emerging from this single market. What we want is an open-market, a world market, a free world market and I think in this we really can come together with the North American nations and, especially, with Canada. But the final aim may not be just those economic ties and mutual chances. The final aim really is to bring human rights and peace about also in a continent which has been devastated so many times by terrible wars or which has been under the rule of rather big constraints of empires.

Why, at this time, we have been given the chance by history of establishing something new. That is the chance of our present time. That is the task of my own country uniting in the centre of Europe and that is the great task and the great subject for me while visiting your vast and so beautiful and so open-minded country. May I thank you from the bottom of my heart for your hospitality, for your open-mindedness and let us join together in making the best and responsible task of this unique chance offered to all of us by history at the present time.

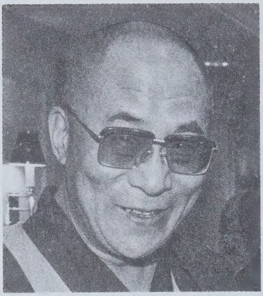
Thank you very much.

The appreciation of the meeting was expressed by Harold Roberts, President of The Empire Club of Canada.

Dr. Von Weizäcker, what a wonderful joy it has been for me to have lunch with you today. I believe most people today have come because they want to know how Germany feels. They want to know what is happening in Germany that can take advantage of the opportunities that are laid before that nation at this time.

A psalmist wrote,"How good it is for people to dwell together in unity." We in Canada have watched as the whole scene in Europe has changed over the last two years in total amazement and bewilderment and have wondered, "Is it possible that these changes really can take place without war or economic disaster?"

As we talked at lunch, you mentioned that you're very aware of the disparity within your own forthcoming nation. But what an exciting time it is when this new math, says 4+2 will make 1, on the 3rd of October. What I think you have tried to share with us today is this good news — that this is a time for coming together, not for fragmenting. This is a time to dream for a future and not to mourn a past. This is a time for building and not tearing down and this is good news worth sharing with us in Canada. Thank you very much.



September 28, 1990

A joint meeting of
The Empire Club of Canada
and The Canadian Club of
Toronto

His Holiness The Dalai Lama

Spiritual and Temporal Leader of Tibet

A PEACE-LOVING NATION TAKES A WORLD VIEW

Chairman: **Harold Roberts**
President of The Empire Club of Canada

Introduction:

For those of us born, raised and educated in the West, there is often a fascination with things and people of the mysterious East. In spite of modern technological developments in travel and communications that have reduced our world to a global village, there is great ignorance about our fellow travellers on this small planet.

Early last summer, Dr. James Reed, of the Toronto School of Theology, told me of the impending visit of the Dalai Lama. As one who has grown up with images of this venerated soul from the pages of National Geographic, Life and Times magazines and American television, I had an uncontrollable desire to meet him. And so out of total self-interest I wrote the office of Tibet in New York and began the process that has brought our guest of honour to us today.

It has been an educational process. The Dalai Lama is a spiritual leader. He was born in a small village in North East Tibet in 1935. His name is Tenzin Gyatso. His Holiness was recognized at the age of two, in accordance with Tibetan tradition, as the reincarnation of his predecessor, the thirteenth Dalai Lama, and thus as an incarnation as a Aval Lokitserag Vera, or Chin Reeze, as they say in Tibet. And Abotis Sataba of compassion, a living Buddha.

As such, he has provided inspiration and guidance as the spiritual leader of his people. The Dalai Lama is also a temporal leader of the Tibetan people, and as such he has, since 1950, led his people in a non-violent struggle to have the government of China withdraw its forces of invasion from Tibet.

He has set up a government in exile in India, and Tibetan refugees have settled not only in India but in a number of countries around the world including Canada. His Holiness' visit to Canada is at least for two reasons: to bring a spiritual message of encouragement and growth to his people and to share with us his peoples' struggle for justice and democracy in Tibet. His patient and gentle leadership resulted in the Dalai Lama being named the recipient of the 1989 Nobel Peace Prize. We are honoured to have you with us on this day, sir, and we invite you to address us now.

Dalai Lama:

Friends, it is a great honour and also a pleasure for me to be with you here and have this opportunity to speak in this gathering and I would like to thank the organizations, the respected Clubs, for organizing this event. Normally, when I have the opportunity to meet my friends, I share my thoughts and experiences with them and today I would also like to do the same with you here. (spoken by an interpreter)

Now, I try to communicate with you through my own broken English.

Now, you know, as you mentioned, Tibet usually people consider as the roof of the world.

Historically, it is something like that. Tibet is surrounded by big ancient neighbours — South India, East China and also, on the western side, Afghanistan. So, as a result, the Tibetan civilization has had quite a long sort of history.

Since Buddhism flourished in Tibet, then many history writers were Buddhists. So there is more emphasis, or more stress, on the Tibetan history with Buddhism. So, according to that, about two thousand years. Then, according to the native Tibetan belief, another two thousand years of civilization. And recently, according to some Chinese archaeologist, the Tibetan beginning of civilization is between six to eight thousand years. In fact, I think in 1981 at Harvard University when I make some lecture on Buddhism there, I met one Chinese archaeologist. He said to me, according to his finding while the Chinese were constructing one hydro-electric project, the Tibetan civilization or Tibetan human development developed its own roots from its own roots. So I think as a result, some uniculture heritage developed. Meantime they take some cultural aspects from the West, and from South India also we took some cultural heritage and the most important thing, the Buddhism. We accepted Buddhism, as to us something that was most suitable. Our ancestors, Tibetan, they felt Buddhism is something very suitable to us so they accepted Tibetan and Indian Buddhism, one of the Indian religions.

Then at the same time from China, through marriage with the Tibetan king and Chinese princess, some of the Chinese culture also came to Tibet. Then I think mainly, because Buddhism flourished in Tibet and as time goes through centuries, Tibetans themselves developed a certain more complete form of Buddhism. I think those ancient Tibetan scholars, I think their work is really something very precise and very clear, I think very, very healthy. I think very high standard.

Then somehow I think the geographical situation also makes one factor and then also is our relation with China. Sometimes, happy relations, pleasant relations, sometimes, fighting, not so pleasant relations. So time goes. Tibetan prefer remain isolate. So as a result, when this century started, you see, Tibet materially remained very backward. We see ourselves not prepared for this modern situation. As a result, now we've lost our own country. But at the same time, because of the deep spiritual heritage, generally speaking Tibetans, I think are quite nice people.They seem quite peaceful — a peaceful nature.

When we first came to India, we believe we are the same human being. Then we had more contact with different people, and especially the Western nations. It seems, you see, that our Western brothers and sisters, they are quite shop-minded. So they're always picking something from here or from there, which I like. I like it. It's creative. I may say I think that is the secret of human marvels, I think the human species.

So then, according to these, our Western friends, they quite often express to us, "Oh, you Tibetan, in spite lot of negative experiences, on your face some joie de vivre, some kind of happy expression is there." So then, I thought about it again and again, according to my own experience. I met some human being who escaped from Communist Chinese repressive policy, with the same cause and the same situation. Yet when we exchanged our different experiences, their attitude towards the Chinese is a more unfriendly sort of attitude, a more negative feeling. As a result, their own daily life, their peace of mind, it seems less. Then we eventually realized our Tibetan culture is something useful in modern time, in day-to-day life, especially when we are facing difficulties and tragedy. Even in some desperate situation, generally speaking, we can preserve, we can maintain, our mental stability. And then visit different places, meeting different people, like Canada, like this country, it is a material development — immensely developed. Of course, very useful the material comfort, the material facility gives us good comfort, very useful, very helpful.

At the same time, I think the human being is the product of our previous human being, or in other words, human beings come from parents, not from machines. So therefore, no matter how this machine is sophisticated, still a machine is machine — a human being is human being. So the complete satisfaction for human being. It is not possible to provide maximum satisfaction from machine. Therefore, as a human being, the material benefit, or material development, of course is necessary, very useful. At the same time, we need something else. That I always consider is human affection, human love, human compassion. If these two things are there

— good heart, warm heart, human intelligence, human wisdom and the material facilities — that I think is the proper way to achieve real meaningful life and, I think, peace of mind.

So, then I, myself, say "I'm nothing special, just another human being." Then, on that level, I always believe that every human being have responsibility towards humanity, entire humanity. If you look from closely you can see only yourself — you cannot see others. But then the nature of humanity is a social element and also the structure of the modern economy is something that is beyond the national boundaries and also these new problems such as environment problems, these also are beyond the national boundary. So therefore, now the time has come where we have to think from a wider perspective — to look holistic view. So I feel then the key thing is human compassion, love. If you have genuine compassion, then your whole attitude towards other fellow human beings and also towards the planet itself will be more nicer. It will be more gentler. That we need.

Human ability, with the help of knowledge and science, has now become immense. So if that ability is used negatively, there will be disaster. That nobody want. There is no guarantee. The guarantee must come from the human heart. So, I usually express that now, today — this moment — we need a sense of universal responsibility on the basis of compassion and love.

Now on practical matters, I think today the world situation is, I think, much hopeful, much I think positive. The East/West relations are now much improved. Now, for example, after the Second World War there is some kind of peace achieved in Europe and the Continent. But that peace, if you look closely, not genuine peace because that peace come from fear — not genuine. Now today is another stage of peace. Now that is more genuine peace. Peace with mutual respect. Now that's genuine peace. Peace means not simply absence of war, absence of destruction. Peace means something more. Now I think today, now it is coming or eventually starting — the genuine peace is coming.

Now, recently I met one Russian economist. I participated in one symposium at Amsterdam a few weeks ago. The theme was, “Art Meets Science and Spirituality in a Changing Economy.” There I met one Russian economist. At the meeting, he mentioned he wrote a book on economy, but economy with compassion — economy of compassion. Now, he explained at the meeting, and later, you see, we also had a personal discussion. He mentioned the market-orientated economy system is very important but there is a certain concept of interest in the larger community. So you see he called this the economy of compassion. So, then I thought, maybe our time has come to think seriously to find out the international relations of compassion, or the policy which is based on compassion, because, up to now, in spite of many experts, many great thinkers, in reality in international politics, or politics of even the national level, people openly say ‘in that field the value of truth, the value of trust is very little.’ I think that is a wrong conception. Because of that, always the weaker country, or within one country, the weaker section, suffers because of that. So the final decision will come based on power. That’s wrong. That’s basically against human nature.

And also I think the idea of democracy, freedom, equality, even with these concepts I think the real practice is something I think of a contradiction with these ideals. So I think I would like to appeal to our brothers and sisters to think more seriously now whether this present system, the political economy system existing, whether it is really sufficient or there are some drawbacks. If there is drawback, what’s the best way to fulfil that gap.

The entire international community, I think, throughout the world, should stand on certain moral principals. And then, the field of business and weapons. At one time, I met one French lady. She told me that in Beirut on one corner was the people killing. At the same time, in the same city, some people making business from weapons and ammunitions. That’s awful, isn’t it? Not thinking about others’ life, or others’ misery — simply thinking, “if I sell instrument to kill human being, I get more money, this is the best opportunity, good opportunity." That's absolutely the wrong conception. So I don't know. I don't mean those big factories must sacrifice — not that way. Of course, I think there are plenty of items to turn from, like some factory, usually you see making tank. Now, they already transformed from making bulldozer. So something like that. I'm not an economist, but what you'll find is there is some other means to teach change. I think the temporary set-back may happen. Then, I heard in Yugoslavia they have already stopped the exporting of weapons. So the concept of eventual demilitarization, I think that concept should be there and world-wide to try. Human beings, human society, will never be a perfect one. Always some kind of mischievous people, always there.

Then, in order to check that — I think we can get some lesson from the present Gulf crisis. Now, although the United States have every use and means, every power, to check that, but because of the global situation, even if symbolic, the United States try the maximum way to get more representations from different countries. So, this shows the world changed, a situation much changed. Therefore, these countries, you see, work much better, much more meaningfully or effectively as a collective, rather than one nation, one powerful nation's action.

So eventually, we could build some kind of forces which are controlled by the United Nations, or some new international organization. Each nation would contribute an equal number of forces and that, controlled by some international organization wherever some problems happen, they can send. Then, you see less possibility to develop fear or to develop suspicion. So, I think we can call on something international, even international force on the basis of compassion. This is the new way of thinking about international politics on the basis of compassion. This is the first part.

The second part is, as a Buddhist monk, I always feel or consider the closer relation between various different religions because religion is the means or instrument to resolve human conflict. Now sometime, unfortunately, religion also can become another source of more complication, more conflict. That's very sad. In ancient time, for example, when we were in Tibet, due to level of knowledge, due to level of contact, sometime we feel our religion is the best — that other religion is something bit lower. But now, I realize clearly that is mainly due to lack of communication, lack of information and when we have some more opportunities to meet different people from different traditions and exchange the inner experiences of their tradition, then eventually we got a deep sense of respect for each different religion. In spite of their philosophical differences their main message is hitting on target of human heart. That's the purpose of various different religion. We can see many people through different religion; they are transformed, transformed in their way of thinking, way of life, and have become warm hearted person, warm hearted human being. Now, that's the purpose of different religion.

The salvation, the final judgment, the British call nirvana, these things something very far away. I am more concerned about today's business. At that level, every religion teach us the same message. Be a good human being or compassionate one. We should practice more forgiveness, tolerance. There are different ways to presentation of these things, but the same effect. So there is real opportunity for us to come together, work together for a common goal — better world, happier world, more harmonious world. That is all our responsibility. Each religion has potential to do that, to contribute on that. I'm very happy to mention that in the recent years much positive development as far as Tibetan Buddhist and our Christian brothers and sisters is concerned, now much healthier close relations have developed.

Then third subject, as a Dali Lama, as a Tibetan, I will explain to you about Tibet, the situation. Now you know, firstly, Tibetan more peaceful nature. The overall picture of the Tibetan nation is a peace-loving nation. Now, today since Chinese occupation, beside some positive development, the immense human suffering, human sacrifice. More than one million of Tibetan has died under Chinese occupation and more than six thousand monasteries and temples have been destroyed. And basically, you see we Tibetan, as I mentioned earlier, is geographically, culturally, linguistically, historically, racially, separate from China, from Chinese. Therefore, when Chinese, in the name of liberation, when they come, in our mind, in our eye, the Chinese is something alien, alien people. So they come as the ruler of our country and on top of that in their eye, every Tibetan aspect is something negative. So, therefore, creating this problem.

Now, almost the entire Tibetan population is against the Chinese rule, the Chinese occupation and of course, we legitimate right to demand complete independence. Meanwhile, even day-by-day, inside Tibet the immeasurable human rights violations always happen and to us the marshal law is just another form. In reality, since Chinese occupation, some kind of marshal law always there. You know communist countries, communist system is police state. Some form of emergency is always there. It's always there, some really unthinkable human suffering always happening there. The most serious threat is large number of Chinese population transfer. Now, already the Chinese population number is greater than Tibetan population. (Our population is around six million, we believe.) So, that really is a serious matter. Therefore, outside, I thought I have to speak out from realistic point of view. I always believe the best solution about human conflict is through human understanding. That I believe is the best way. Even you may not achieve 100 percent satisfaction, whatever you achieve, that achievement remain long last.

So, therefore I made two proposals in public. I've no other choice except to turn to the world community. So then 1987 and 1988, I made two proposals in public. Then at the initial stage the Chinese government, they rejected my idea, but at the same time they indicated their willingness to discuss about the future of Tibet. Then somehow after last year the

Tiananmen Square massacre happened. Then the situation changed. Now they're following a more hard-line policy. So still no formal response to me. So, my part I still stand by on those two proposals. Although on a few occasions I stated, that from our part, we made the maximum concession. Even that was not satisfied with the Chinese leaders. Then from my part now, nothing else to offer. And instead, we have every right to say some new demand. So that's the situation.

So, finally I much appreciate people here. I think very attentively that you listen. So I much appreciate. So as a human, brothers and sisters, we Tibetans are really passing through a most difficult period. This moment we need your help. Thank you very much.

The appreciation of the meeting was expressed by Mr. Roland Lutes, President-Elect of The Canadian Club of Toronto.

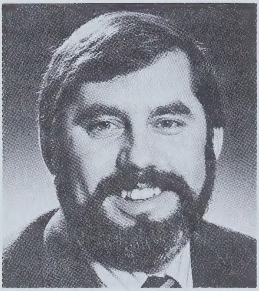
Your Holiness, it's my pleasure and honour to thank you today.

Before you spoke, just as you were about to be introduced, you thought that we might need to do this — (taps spoon on the table). During your speech, I could have heard a pin drop throughout the entire presentation.

I want to thank you first for what you represent and what you are. You've dedicated your life to the enhancement of the spiritual and general well-being of the individual person. Many of us work with community organizations — small things perhaps, but things like the Children's Aid, the United Way, the Association for the Mentally Retarded. The primary purpose of each of these organizations is to function as strong advocates for human dignity and individual freedom. Your contribution in this regard has been simply outstanding. We thank you.

Secondly, we thank you for your efforts in fostering peace, goodwill and understanding in today's global economy and very interdependent world.

Last, we thank you for being with us and sharing with us today human love, human wisdom, human understanding, a better world, a happier world, compassion. It has been a great pleasure for all of us to be with you today. Thank you very, very much.



October 4, 1990

Leo Gerard

Director, United Steelworkers of America

THE CITIZENSHIP OF LABOUR

Chairman: **Harold Roberts**
President

Introduction:

Just when many people have felt that the Union Movement has fulfilled its course and ought to disband for a great many reasons, along comes a "Redirack" and dispels the hopes of owners and managers. The sudden closing of Redirack, a manufacturer in light steel, last Saturday, without any warning to their employees is a clear indication that indeed unions have not outlived their usefulness. Again, the negotiations, or lack of same, between Stelco and the United Steelworkers of America have clearly illustrated to both sides, that Government actions in free trade and fiscal policy have profound effects for both business and labour.

Our speaker today is a man who is on the front line in both of these negotiations. In fact, it seems that on almost any given day, the name Leo Gerard can be found in the media. He is a worker who leads workers, is concerned for workers, and inspires workers.

It is one thing for a Lech Walesa to stir up labour unrest in Communist Poland. It is quite another thing when a labour leader questions conditions in a great free country like Canada. Labour leaders do not always endear themselves. They are people in the middle.

But Leo Gerard is a populist leader who has endeared himself to both his Union and society in general. He has a reputation of being a dynamic speaker and leader who has grown up in the union. He started to work in the smelter at Inco at the age of 18. While filling various union positions at Inco he continued his formal education at Laurentian University.

He helped draft legislation to protect workers and joined the staff of the Steelworkers in 1977. As a member of the staff he inspired leadership, not only in educational fields, but also bilingualism, health and safety, and social welfare. The creation of the "Humanity Fund" by which all members of the union in Ontario donate a penny an hour for work in the Third World and in Canada, is a piece of work that Leo has spearheaded. They have, through the fund, supported UNICEF, the International Red Cross, OXFAM and other non-governmental organizations.

Leo Gerard has led the 80,000 member union since his election by an overwhelming margin in November 1985 and he is a member of the Premier's Council.

We welcome Mr. Gerard and invite him to address us now.

Leo Gerard:

Ladies and gentlemen — Until very recently, if anyone had told me I would be invited one day to address The Empire Club of Canada, I would have suspected a joke. And even now I confess it is still a little hard to believe that I am here.

Despite the office to which the members of the United Steelworkers elected me five years ago, I am still a hard-rock miner's son from Sudbury's nickel basin. I am still the same man who spent the first 14 full-time years of his own working life in Inco's surface transportation gangs. I am still just a trifle suspicious that someone's idea of humour lurks behind the invitation to address you today.

But since we are in the same room with each other for a little while, I will tell you how I feel and what I think about a few things. In fact, the somewhat humbling honour of an Empire Club invitation, not to mention the daunting list of distinguished speakers at luncheons past, has made me reflect a little more carefully on the message I want to leave here. I want to depart from the kind of address I am accustomed to give; the kind of speech that's appropriate from the floor of a union convention; or as part of a delegation before government; or in front of a moody membership meeting in the midst of difficult collective bargaining.

Mind you, that kind of speech, the union leader's traditional call-to-arms, can be very entertaining. But it can also be wildly inappropriate, especially here, so I'm afraid I will have to deny you that side of Leo Gerard today.

Instead, I want to return the honour of The Empire Club's invitation by sharing some general and, I hope, provocative, thoughts on the role of the labour movement as we enter this new decade. And maybe even a few thoughts about Ontario post-September sixth.

And if in my address I sound more philosophical or speculative than you might expect from an industrial union leader, it is not because I am in any way unusual. Rather, it is because the organizations of working people in this country, and indeed throughout the world, are engaged in an unprecedented degree of reflection and rethinking — about our social roles, about our strategic positioning with employers and governments, even about the essential ethical values that animate trade unionism.

My union, for example, has maintained an on-going Internal Task Force on Future Directions since 1984. And while it is impossible to summarize the range of its work succinctly, it has been accompanied by genuine re-orientations of our daily practice as worker representatives; in the way we seek out and determine organizing targets; in the way we deliver the union's services to the membership; and in the very way we exercise our citizenship in the world around us.

Let me cite two very different examples of change occurring within the Steelworkers. There are many such examples, but these will serve to demonstrate that my organization, often regarded in the past as the quintessential smoke-stack industrial union, is no longer what it appears.

The first example is the membership composition of the United Steelworkers of America. In Canada, we number some 160,000 men and women, making us arguably the largest private-sector-based labour organization in the country. And while our name understandably conjures up images of immense portside steel complexes, such as those in the Sault or Hamilton, the reality is quite different.

We have always represented tens of thousands of people involved in basic steel-making. But we also represent, especially in areas like Metropolitan Toronto, thousands of men and women in smaller manufacturing of all kinds — from packaging to diaper-making — often quite unrelated to steel processing. And of course, we remain Canada's largest union of workers involved in mining. Over 90 percent of Canada's organized miners belong to the Steelworkers.

In other words, we have been, since our founding in the late 1930s, a Union that very much reflected the overall structure of the Canadian economy: strong roots in the natural resource extraction sector, equally strong roots in manufacturing, large and small.

But unlike some organizations, in both labour and business, that carve out a space for operation within which they grow comfortable, our Union has refused to stay put.

As we enter the nineties, the United Steelworkers is becoming one of Canada's foremost representatives of workers in the so-called "tertiary" or service sector. We now represent thousands of security guards, bank employees, nursing home workers, hotel and restaurant staff, legal secretaries, laboratory technicians, RNAs, workers in tourist resorts, and countless others. Needless to say, such an expansion also means dramatic changes in the gender and national-origin composition of our membership.

But the point I want to stress about our Union's "demographics," if you will, about our responsibilities to workers in all three sectors of the so-called "labour market," is a point about citizenship. That is, simply, that we take our positioning within the nation's economy and political structure very seriously. Naturally, we strive daily to represent, to protect, and to bargain for our members as effectively as possible. That is the primary responsibility of any trade union worthy of the name. But we are much more than a service agency. Being based in both urban centres and resource hinterlands, and again, carrying a pluralistic membership base in all sectors of the economy, our Union lives and breathes the economic reality of Canada.

We see daily how a dislocation in one industry, in one sector, spreads and impacts like waves on a pond through other industries and sectors. We experience first-hand in our offices and meeting halls the human despair generated by impersonal economic changes. We see the immediate and the ripple effects of a runaway plant, a shut-down, the exhaustion of an ore body. We see the human, as well as the economic impact of such disastrous policies as the Free Trade Agreement.

In other words, our Union, with its particular social make-up, has a unique appreciation of the complex interconnectedness of Canada's political economy. It is an appreciation borne of our very structure. And those that still doubt the right of the labour movement to participate, jointly with business and government, in fashioning economic policy would deny all of us the benefit of the irreplaceable lived experience of working people.

We have earned our social legitimacy, what I like to call labour's citizenship. We have earned the hard way our right to influence economic policy.

We are not driven by ideological hang-ups; we are not driven by nostalgia for the good old days of industrial warfare (in spite of the best current efforts of some corporate leaders to prove otherwise).

We are driven by the material, and even the emotional, needs of our members — their needs for security of income and of the person, for opportunities for their children.

The pursuit of those ends constitutes an essentially social-democratic approach to political life.

Oh yes, Ontario —

It should of course surprise no one in this room that organizations representing working people were considerably heartened by the recent election in this province. After months of bad news, scandal, and rancour in our national politics, and amidst the tangible evidence of growing inequality here in wealthy Ontario, symbolized best perhaps by the burgeoning food-bank business, it felt like Ontario's voters just threw open the windows to let in a blast of fresh air.

Now everyone is asking me what my check-list of reforms looks like! What, and when, do I expect the new government to deliver on its campaign platform? Does an NDP victory mean labour gets to run the show? Part of me wishes that political life was as simple as such clichéd questions suggest. But it isn't that simple, and I'm glad it's not that simple.

The politics of score-cards and wishlists serves no one well. It implies that government decisions are made by snapping fingers, with no regard for the complexity of social forces in the community.

The labour movement has learned from long experience that legislative change, even the most obviously virtuous change, has to be fought for, that we have to make our case and document our arguments. We don't expect that to change with changes in government.

What I do expect is a significant shift in the style of government. I anticipate that the New Democratic Party's sincere allegiance to values of social equality will mean that the voices of the marginalized and the disadvantaged will be sought out, and given a full hearing in public-policy formation. No one group has, nor can expect, a privileged place at the ear of the new legislators. Those who have had such privileged access in the past, allied with political parties who shared unquestioned assumptions about the power of wealth, will find they have to make their cases under greater, cooler, perhaps more sceptical scrutiny. It will be bracing — but not in the least unfair.

Contrary to much myth-making in the private sector, I've learned that New Democrats are nobody's lapdogs. Indeed, the Scandinavian echoes in their approach to social decision-making imply a politics of inclusion. By that I mean a greater emphasis on joint co-operation and shared responsibility among business, labour, and government in economic deliberation, the encouragement of partnership as opposed to conflict. The kinds of tentative steps in that direction contained in the outgoing government's Premier's Council reports will likely become more deliberate, confident strides.

It is part of the social-democratic complex of values to encourage recognition of the social-legitimacy of labour and its organizations. But genuine participation in restoring a productive and generous economy in Ontario will only come about when other social actors, particularly in the corporate community, acknowledge and welcome the citizenship of labour.

Let me change tack, and turn from the changing face of our Union and its implications for our social activism, to a second and very different example of dramatic change in conventional union practice. I am talking about the Steelworkers Humanity Fund. Similar initiatives are now developing in the communications' and autoworkers' unions, and I am sure that others will soon follow. Let me talk first about what the Humanity Fund does, and then about what it means, as an example of labour's re-thinking and re-orientation to the world around us.

The Humanity Fund was an initiative that emerged from a handful of local unions in Toronto, responding to the Ethiopian famine crisis, and was adopted as a general bargaining policy of our Union in Canada at the 1985 National Policy conference. As negotiations come due, participating local unions propose a new contract clause that contributes one cent per worker per hour to a fund for international aid and development.

The money that accumulates is strictly governed by the rules for registered charitable organizations, and is augmented by matching grants from the Canadian International Development Agency. Money generated by the Humanity Fund is supporting relief and development projects, in cooperation with other agencies, throughout the most impoverished parts of the globe — in Ethiopia, Angola, Burkina Faso, Mozambique, El Salvador, Peru and elsewhere. Fifteen percent of Humanity Fund monies is mandated for domestic projects — for food banks, emergency shelter for the homeless, and projects for abused women.

This is what the Humanity Fund does and I don't hesitate to share our Union's pride in its inherently valuable work. What it **means** however — what it means as part of the evolution of bargaining practice; what it means in expanding the horizons of ordinary working people, and in combating the self-centredness that afflicts so much of Western consumer culture — is of incalculable importance.

The Humanity Fund is an example of effective labour citizenship married to the most basic union activity. It demonstrates more vividly than any other example how one necessitates the other. We have at present over 240 collective agreements containing Humanity Fund clauses, covering over 45,000 workers. We are currently generating over a million and a half dollars worth of active development projects, and the numbers climb monthly.

But winning support for a Humanity Fund proposal means winning support and understanding from the local union bargaining committee. It means winning support from the local membership who must ratify the collective agreement. It means long hours of internal debate, persuasion, and education, long before one even gets to the bargaining table with the employer. Successfully pursued, it invariably means a big change in the conventional view of collective bargaining held by the average man or woman on the shopfloor or in an office. A change marked by a deepened awareness of the interconnected fates of the world's people, and by a deeper awareness of trade unionism as much more than an instrument to improve a wage and benefit package — not a slot machine union — but an instrument of social and economic justice.

International solidarity no longer seems like the abstract stuff that fills out a convention speech. The Humanity Fund represents a permanent change in the way the labour movement looks at the world.

Let me recap briefly.

I have cited two very different examples drawn from my Union's experience of the re-orientation and re-thinking underway in organizations of working people everywhere. The example of labour's development of a membership base in the service sector, broadly-defined, demonstrates the intrinsic necessity of greater participation in social, political and community affairs and in public-policy deliberation, whether the traditional elites want us there or not.

The Humanity Fund is a particular example of an imaginative recreation of the purpose and aim of collective bargaining, one that has a real impact on both the outside world, and on the personal horizons and values of the sponsoring workers.

Both examples, and I could have cited any number of others, are tied together by the idea of citizenship.

I think it's only fair to say what I suggested in my comments on Ontario. That is, that important parts of the professional and managerial sectors, and even of society as a whole, have difficulty acknowledging the citizenship of labour, the social legitimacy of the labour movement. That may even apply to some of the people at this luncheon.

It's also fair to say that periods of economic difficulty, like the present, are not normally auspicious times to build new understandings. Sometimes, what academics euphemistically refer to as "industrial relations practice," especially at times like these, only reinforces the prejudices and predispositions both sides take to the bargaining table. We wear them like holsters.

But difficult times can also sow the seeds for something new. An important example, I think, and one that emerged from the gut-wrenching experience of the recession ten years ago, is the Canadian Steel Trade and Employment Congress. CSTEC evolved out of long deliberations between National Director Gerard Docquier of my Union, and key CEOs in the

Canadian Steel industry. The global realignments in steel production and trade were having catastrophic effects on whole communities.

CSTEC's mandate and function, to facilitate formal management and labour cooperation on trade and adjustment issues, has not been without controversy. But it has persevered, and has become an important model for similar initiatives in other industries. It is another sophisticated example of labour's citizenship, and it can point the way to new ways of doing things.

But that kind of initiative depends for its success, as indeed does our entire political economy, on the active recognition of labour's social legitimacy.

I submit to you that if that recognition is denied, democratic society as a whole is impoverished. I can testify from bruising personal experience that the Canadian labour movement is an unparalleled school for democratic practice. The vigorous competition for local union office in my own Union, for delegate positions to conferences, or for positions in labour's umbrella bodies – nothing comparable exits in any other social or voluntary body in Canada, apart from what is provided by our parliamentary electoral system.

And again, looking outward to the rest of the globe: the remarkable collapse of Stalinism in Eastern Europe owes its origins in 1980 to a shy shipyard electrician in Gdansk who decided to build democratic trade unionism in his country. The defeat of years of authoritarian brutality in Chile was founded in a movement based primarily on internally exiled, and so-called illegal trade unions.

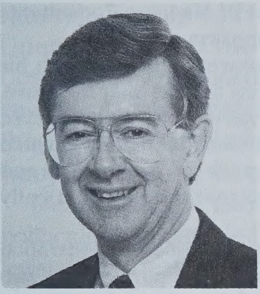
It is no accident that at the extreme ends of the political spectrum, where civil society and dissent are oppressed or intimidated into silence, the embers of democratic aspiration most often come to life in the form of workers banding together in free democratic trade unions.

And even in tolerant, open North America and Western Europe, especially in the mean-spirited era personified by Reagan, Mulroney, Bush, and Thatcher — forgive me if it sometimes seems like only the labour movement is keeping alive the basic democratic values of community cooperation and responsibility for the marginalized and the vulnerable — such values must never become unfashionable.

The practice of democratic trade unionism is an investment in democratic society; it is a guarantee against oppression, a guarantee that the voices of working women and men are heard and respected, a guarantee that purely economic considerations do not ride roughshod over human welfare, and a guarantee that equality stays on our social and political agendas.

For our part, the Steelworkers Union intends to continue exercising its citizenship, its allegiance to these social values, as a full member of the Canadian body politic. Thank you.

The appreciation of the meeting was expressed by Bart Mindszenthy, Executive Vice President, The Beloff Group Inc. and a Director of The Empire Club of Canada.



October 11, 1990

Preston Manning

Leader, Reform Party of Canada

THE NEW CANADA

Chairman: **Harold Roberts**
President

Introduction:

Have you ever wondered why Brian Mulroney, a successful businessman from Montreal, decided to run for political office in Baie Comeau; or Jean Chrétien, a successful lawyer from Three Rivers, Quebec, must run for office in New Brunswick; or John Turner, a successful Bay Street lawyer and former Cabinet Minister in Trudeau's government had to run in Quodra, in Vancouver, British Columbia? The answer is often elusive, especially if you are a Canadian.

But one answer might be found in a book that is all too often overlooked in our busy society. "A prophet is not without honour, except in his own country, and among his own kin, and in his own house." (Mark 6:4)

Our speaker today, at least at this time in Canadian history, seems to be an exception to this observation. E. Preston Manning is a grass roots populist from Western Canada. Born and raised in the Edmonton area of Alberta, he is a P.K. (Politician's Kid). His father Ernest was Premier of Alberta for 25 years.

Preston Manning graduated from the University of Alberta with a B.A. in economics and then did further studies in systems management philosophy and techniques with a U.S. aerospace firm.

In 1968 he became owner and president of Manning Consultants Ltd., a research and management consulting firm.

A few years ago one of my brothers moved to Calgary with his firm. By the time I went out to see him a few months after the move, I observed that he had really caught the spirit of the West. He even had cowboy boots. When I remarked on them, he quickly pointed out the difference between cowboy boots on Westerners and cowboy boots on Easterners. On Westerners, he emphatically stated, the manure is on the outside.

A quick lesson in East/West relationships — Since Confederation first began there seems to have been a drawing of power to the two central giants, Quebec and Ontario, from the periphery provinces on both the East and the West. Premier Joseph Ghiz spoke to this issue when he addressed our club last year.

Now from the West comes Preston Manning. But he doesn't come as Premier from a little island province. In fact he isn't a Premier at all. But he does come as the spokesman of a rapidly growing political movement from Western Canada. He was elected leader of the Reform Party of Canada at its founding convention in Winnipeg, October 30 - November 1, 1987.

This populist conservative party has been growing at a tremendous rate west of the Ontario border. One M.P. and one Senator have been elected from its ranks. There would appear to be strong indications that the Reform Party will take a vast majority of the seats west of Ontario when the Prime Minister calls the next election. We welcome Mr. Manning to The Empire Club today and ask him to address us now.

Preston Manning:

A few years ago, a movie was produced entitled "The Gods Must Be Crazy." It is now rumoured that the National Film Board is funding a Canadian version entitled, "The Canadians Must Be Crazy," the script being based on the activities of some of our leading politicians over the past three months.

At the end of June we had the Meech Lake spectacle, with the Prime Minister and other leading figures proclaiming that if the Accord was not signed Canada would pass away at 12.00 p.m. on June 23rd, 12.30 in Newfoundland. When that didn't happen, the Prime Minister went into seclusion at his summer residence, and the Quebec Government said they would begin seriously examining the pursuit of a more separate relationship with Canada. But then the Mohawks in Quebec went on the war path, to which the Quebec Government responded by saying, "You can't have different laws for people of different races and cultures just because they claim to be distinct," and called upon the Canadian Army to help solve the problem.

Meanwhile, the democratically elected and supposedly politically accountable Canadian House of Commons passes legislation to institute a tax opposed by 85 percent of the population, while the undemocratic and unaccountable Senate chooses to oppose the tax in accordance with the will of the people.

The Prime Minister, who has opposed every major attempt to make the Senate democratic and accountable over the past six years, accuses the Senate of operating undemocratically and then petitions the Queen for the right to make eight more undemocratic appointments to the Upper Chamber. No wonder people and commentators within and without Canada are saying, "The politicians must be crazy," and ask the question, "What's happening to Canada?"

The response of the Reform Party of Canada to the chaotic state of federal politics has been to ask Canadians to think long and hard about "two Canadas" — the Old Canada that is dying, and the New Canada that is being born. Today I want to describe these two Canadas in some detail and ask you to choose in which of these two Canadas you would prefer to live and work as a citizen.

Old Canada

Old Canada is the Canada which has emerged under the stewardship of the federal Liberal and Conservative Parties and is characterized by three fatal flaws which are bringing about its demise.

1. In Old Canada, the federal government is on the verge of bankruptcy because it consistently spends more money than it receives in revenues. Annual deficits of $30 billion; projected national debt of $440 billion at the end of Mr.

Mulroney's second term, or $17,000 per Canadian. In Old Canada, when doctors deliver babies, they no longer hold the baby up by its heels and give it a pat on the bottom to make it cry in order to stimulate its lungs. Instead, they simply hold the baby up by the heels and say, "You owe us $17,000." The baby starts to cry right away, and with good reason!

2. Old Canada is a "house divided against itself" — a country where the national government is prepared to adopt different laws (including constitutional laws) for different groups based on race, language, and culture. This is the path that has led to Meech Lake, to PQ and BQ, and to Oka. The national symbol of Old Canada is not the maple leaf but the hyphen. Its federal politicians talk incessantly about English-Canadians, French-Canadians, aboriginal-Canadians, ethnic-Canadians, but rarely about "Canadians, period." It has become patently obvious in the dying days of the 20th century that you cannot hold a nation together with hyphens.
3. Old Canada is a country where the Parliament doesn't work. In Old Canada 25 percent of the seats in the federal Parliament, those in the Upper Chamber, are still filled by a 19th-century patronage appointment system. In Old Canada, the Members of Parliament represent the government or their party to the people, rather than representing their people to the government. In Old Canada, Parliament's decisions increasingly reflect the will of influential political elites, not majority opinion. For example, when 84 percent of the Canadian people say the federal government should cut spending and not raise taxes (Gallup, March 1986), the government proceeds to increase both spending and taxes. When 67 percent of Canadians say they want a chance to express themselves on constitutional amendments by a referendum (June, 1990), the Prime Minister says, "Referenda are not the Canadian way." Old Canada — bankrupt, hyphenated, undemocratic, even anti-

democratic at the highest level of government — no wonder it's falling apart.

Two Ways of Looking at the Death of Old Canada

Hysterical Pessimism — the country's disintegrating, Quebec is preparing to leave, English Canada has no identity, it will be every province for itself; we'll fly into provincial fragments and be absorbed by the U.S.

Cautious Optimism — yes, Old Canada is dying, but something new is being born. A "New Canada" is emerging on the northern half of the North American continent, and it is the task of forward-looking citizens and political leadership in the 1990s to give it shape and substance. This is the perspective of the Reform Party of Canada.

New Canada

What should be the distinguishing characteristics of "New Canada" — the foundations which will enable this nation to survive and prosper in the 21st century? This is the question that Canadians must answer in the 1990s, and the Reform Party is dedicated to helping you do so.

Reformers say that New Canada is a place:

- where citizens insist that governments live within their means.
- where real jobs with real incomes are provided, not by the government, but by internationally competitive, financially viable, environmentally sustainable businesses and industries.
- where the Parliament works because it has been reformed.
- where the national government is dedicated to the proposition that all Canadians should be treated equally (by federal law and the Constitution) without regard to race, language, and culture.

Let us take a few minutes to examine each of these characteristics of the New Canada more carefully.

"New Canada is a place where citizens insist that governments live within their means."

All across the country, people are saying, "We must live within our means (households, unions, businesses), why shouldn't the federal government be required to do likewise?"

All across the country, people are saying, "The federal government should not be given any additional tax revenues or levers like the G.S.T. unless and until it controls its spending."

What has been the federal government's response? Its response has been to talk about spending reductions and to increase taxes (over the last five years, increases in personal income tax of 46 percent, corporate income tax 21 percent, sales and excise taxes 67 percent, and now the G.S.T. at 7 percent.)

To change that, to get a new Canada in which the federal government lives within its means, will require the election to the next Parliament of candidates who are committed to reducing federal spending in absolute terms:

- who will support a freeze on federal hiring;
- who will support a 10-15 percent across-the-board reduction in all federal spending;
- who will rip out the G.S.T. if it has been imposed against the will of the Canadian people;
- who will put forward concrete proposals for getting federal spending lower next year than this year (spending cuts at the top; reductions in the thick layers of middle management; elimination of grants, handouts, tax concessions to private corporations and special-interest lobby groups).

I would go so far as to say that if the New Canada is not a place where governments learn to live within their means, then there will be no New Canada at all. Instead, this nation will stumble backwards into the 21st century on its way to becoming a country with a third-world economy like Argentina or Brazil.

"New Canada is a place where real jobs with real incomes are created, not by the government, but by internationally competitive, financially viable, environmentally sustainable industries and businesses."

All across the country, younger people are saying, "Where are the real jobs with real incomes going to come from, and who will provide them? We can't all work for McDonald's and the Post Office."

The traditional response, of traditional politicians in all federal parties, has been to imply that it is the government which will arrest the recession, get the economy going, and create real jobs with real incomes. Our response is different. We say that the majority of real jobs with real incomes are not going to come as some "hand-out" from government. These jobs and incomes will be created — if they are created at all — by internationally competitive, financially viable, environmentally sustainable industries and businesses, many in the small-business sector.

Government, of course, has a role to play, but that role is primarily to remove the barriers that hinder or prevent responsible entrepreneurs, investors, labour leaders, educators, and scientists from creating and sustaining the jobs and incomes of the future. Those barriers include excessive taxation; high interest rates; interprovincial obstacles to trade; and outmoded science, training, and labour-management policies. The world economy and world trade is being realigned into three huge trading blocs. The North American free trade area — soon to be expanded to include other countries — is one of these, and provides the basis of a new north-south economy. Canada has taken the first step toward participating in that new north-south economy, but we have not followed it up by realigning our taxation, interest-rate, transportation, training, science, and labour-management policies to correspond to the new realities.

Our challenge to business, labour, education, and scientific leadership is to say, "You get on with the job of creating internationally competitive, financially viable, environmentally sustainable businesses in a free-trade, free-market environment. We will dedicate our efforts in the next Parliament to removing the road blocks that stand in the way.

"New Canada is a place where the Canadian Parliament works because it has been completely reformed."

The people say, "The Parliament doesn't work. We send good people to Ottawa, but within two years they become Ottawa's representatives to us." This legitimate complaint gets no response whatsoever from the traditional parties, other than the response that "You don't understand......" We say its high time to acknowledge the truth of what people are saying, and to send a group of people to the next Parliament committed to fundamental reform.

These reforms must include the complete reform of the Canadian Senate to make it Elected, with Equal representation from each province, and powers to make it Effective in providing regional balance and fairness in national decision-making. New Canada must be a place where the federal Parliament would not permit an exploitive NEP or CF-18 decision. Reform of the federal Parliament must also include fundamental reforms to the operations of the House of Commons — changes in the rules to permit Members to defeat a bill without defeating the government; freer votes; and opportunities for direct public input through national referenda on important issues. It is a reformed Parliament which would be the key governmental institution in establishing a New Canada, and our recommendation to Canadians will be that if you want to reform something, you should send Reformers to do the job.

"New Canada is a place where the national government is dedicated to the proposition that all Canadians should be treated equally."

Now by this statement, I mean "treated equally" in federal law and the Constitution without regard to race, language, and culture, rather than being treated specially in federal law and the Constitution because of race, language, and culture.

Please understand me. Insisting on the equality of all Canadians does not mean that racial or linguistic or cultural distinctions are not important and should not be preserved. It does not mean abandoning the Canadian mosaic and jumping into the American melting pot. In the New Canada, however, the task of preserving linguistic and cultural distinctions, where necessary, is assigned to individuals, groups, and lower levels of government, while the national government is dedicated to the principle of the equality of all Canadians and the development and preservation of those things which we all share in common. And so, as we move from the Old Canada to the New, the federal government says to Quebec's politicians, "Do you want to negotiate new constitutional arrangements with the rest of Canada?" Fine, we're prepared to negotiate. "If you are 'in,' we propose delegating to you the legal and financial responsibility for preserving the French fact within Quebec while accepting the fact that the federal government will be pursuing the equality in law of all Canadians and provinces in a new Canada. And if you're 'out,' our sole interest in negotiation will be in protecting and advancing the interests of the New Canada in which such equality will prevail." The question for Quebec is not, therefore, "Do you want to leave the Old Canada," but "Do you want to be part of the New Canada on these terms and conditions?"

Similarly, as we move from the Old Canada to the New Canada, the federal government says to our aboriginal peoples, "Do you want to negotiate a completely new relationship between aboriginal peoples and the government of Canada?" We believe that such a new relationship is absolutely essential to the future well-being of aboriginal peoples, and that its negotiation is long overdue.We would invite aboriginal leaders to conduct their own constitutional convention — to spell out, for all to see, their vision of a New Canada, and their place in it. We believe that such a convention would produce concrete proposals for doing away with the Department of Indian Affairs and transferring the majority of its functions and responsibilities to aboriginal agencies and governments. We believe that such a convention could go a long way toward answering such questions as how to hold aboriginal agencies and governments accountable, to their own people and to society at large, for their own actions and for the welfare of aboriginal peoples. Negotiation of such arrangements would assign both the responsibility and the resources for aboriginal development to aboriginal peoples themselves, while assigning to the federal government the responsibility for establishing equality of opportunity for all Canadians without regard to race, language, and culture.

Finally, as we make the transition from the Old Canada to the New Canada, the federal government says to new Canadians,"Look, we made a mistake in the past when our politicians met you at the boat or the plane and offered you a grant to preserve the culture which you were trying to get away from. From henceforth, you and your group and lower levels of government decide upon and assume responsibility for those aspects of your cultural heritage which you want to preserve. We endorse and encourage that. But the role of the government of Canada will be to provide equality of opportunity for you and your children in a New Canada, and to promote a Canadian culture consisting of those things which all Canadians share in common. Such a policy does not destroy the Canadian mosaic. Rather, it puts the construction and maintenance of the mosaic on a more solid foundation.

There are three parts to a mosaic. There are the individual pieces with their distinctive character, which must be cut and polished and fit into some overall pattern. But there is also the common background on which those pieces are placed, and the glue which must hold them together. Reformers say, "Let the individual and the group, and even lower levels of government, devote their attention to the shape and form of the individual pieces that make up the mosaic. But let the national government — the Government of Canada — provide the common background onto which those pieces must be affixed, and the glue which must hold them together."

Whatever the shape and substance of the New Canada (and the outline I have sketched today is by no means complete) there are two key questions which you and I must answer if the 1990s are to be the era of transition from the Old Canada to the New. Who in the current Parliament would you trust to lead the transition from the Old Canada to the New Canada? What are you personally prepared to do for your country in its hour of need?

Who would you trust…

…to reduce federal spending? Can you look for leadership to the Liberals and Conservatives who between them have managed to pile up our $400 billion national debt? Or can we seriously look to the federal NDP, whose guiding principle has always been to support higher rather than lower levels of public expenditure? Do we not need to look for new people to reform federal spending?

…with respect to reforming the Parliament itself? Can you look for leadership from the current inmates of the asylum? from the very people who have made Parliament a mockery and a laughing-stock? Do we not need to look for real Reformers to do the job?

…to negotiate completely new arrangements with aboriginal peoples? Can you look for leadership, could we even think of asking aboriginal people to look for leadership, to the politicians and bureaucrats who have been running the Indian Affairs Department for the last 120 years?

…and to negotiate new constitutional arrangements with Quebec? Would you trust any federal party led by a leader from Quebec, dependent upon Quebec seats for a majority in Parliament?

Your answers to these questions are similar to those which we have received from audiences all over this country.

The Canadian people have no real confidence in any of the traditional parties or politicians who currently dominate the federal political scene, particularly when it comes to leading the transition from the Old Canada to the New.

Which leads me then to one final question: Are you prepared to trust yourselves?

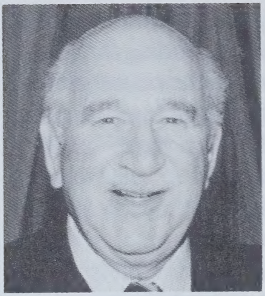
What are you personally prepared to do for your country in its hour of need? A New Canada with a balanced budget, a reformed Parliament, a revitalized economy, and a new Constitution cannot be created by Acts of Parliament. It can only be created by the individual and collective acts of hundreds and thousands of individual Canadians committed to creating a new future for themselves and their children. It is therefore necessary to ask, "Would you be prepared to reduce your demands on the federal government and the federal treasury, if you could be assured that other Canadians would do likewise?" If you find the present parliamentarians untrustworthy, would you personally be prepared to get involved in recruiting and supporting a new breed of federal politician in the 1990s? (If we're honest, we'll admit that most Canadian towns and cities give more thought and attention to hiring their rink managers than they do their Members of Parliament.)

Recruiting and supporting a new breed of federal politician means far more than simply showing up at a nominating meeting or polling booth once every four years. It means becoming involved in publicizing the job description for a Member of Parliament; drawing up the profile and qualifications of the type of politician you would be prepared to trust; becoming involved in advertising and recruiting new people into public life; supporting these people after they are elected, as well as before. And if we get into new constitutional discussions, would you and I as Canadians be willing to settle for simple equality for ourselves and our group within the federal system rather than special status, if other Canadians were willing to do the same.

In other words, would we be willing to give up some of our cherished "hyphens," if that was the price of doing away with hyphenated-Canadianism in other parts of the country? If we answer "no" to these questions on a personal level, then the idea of a New Canada replacing the Old Canada will be nothing but a pipe dream. But if our answer to these questions is a resounding "yes" then nothing can prevent the New Canada from prevailing over the Old.

One hundred and fifty years ago, Lord Durham took a hard look at the old colony of Canada and said he perceived two nations — the English and the French — warring in the bosom of a single state. Today, when I take a hard look at Canada, I also see two nations warring in the bosom of a single state — but the two nations are the Old Canada and the New Canada. As we peer into the future from the slopes of our Rocky Mountains, we can see the outlines of that New Canada, and I believe our view is just as valid as the view from Mount Royal in Quebec, or the Peace Tower in Ottawa, or the office towers of Toronto. We intend to employ our influence in the federal arena (however great or little that may be) to ensure that the New Canada prevails over the Old — that fiscal responsibility prevails over uncontrolled spending, that free markets and free trade prevail over government intervention and protectionism, that democratic constitution-making prevails over top-down constitution making, that regional fairness anchored in a reformed Senate prevails over extreme centralization or decentralization, that "Canadianism, period" prevails over "hyphenated-Canadianism," and that equality prevails over distinctions based on race. It is to these ends that the Reform Party of Canada will direct its efforts in the 1990s, and I invite you to join with us.

The appreciation of the meeting was expressed by M.Gen. Bruce Legge, Partner, Legge & Legge, Chairman, Metro International Caravan and Past President of The Empire Club of Canada.



October 19, 1990

A joint meeting of The Empire Club of Canada and The Rotary Club of Toronto

Edmund de Rothschild

Past Chairman, N.M. Rothschild & Sons Ltd;
Chairman, CARE Britain Corporate Council

LONG-TERM AID TO THE MIDDLE EAST

Chairman: **Harold Roberts**
President

Introduction:

Early last summer Nona McDonald called me to see if I was interested in inviting Edmund de Rothschild to speak at a meeting of The Empire Club. It very quickly developed that Mr. de Rothschild would be in Toronto on a Friday and there was also a strong desire of the Rotary Club of Toronto to have him address their members. Since Friday is the regular meeting day of the Rotary and since they have been strong supporters of CARE, it became apparent that Rotary was the senior partner in this joint venture. They looked after everything and all The Empire Club had to do was notify our members of this special meeting and it fell to me to introduce our speaker.

All well and good. But I soon discovered that it was not an easy task. Do you have any idea how many Rothschilds there are?

I started with *Who's Who 1989*, and quickly found a reference to Edmund de Rothschild, one and a half inch rectangle chock-a-block with abbreviations and letters, that as a theologian I found quite confusing. There were some things there that I will come back to, but next I turned to Encyclopedia Americana. After all everyone knows the de Rothschild name. Europe, Old Family, Old Money.

The encyclopedia told me it all started with Mayer Anselm Rothschild who was born in Frankfurt-on-the-Main in 1743. He was of Jewish parentage and was destined for the rabbinical studies, but found commercial pursuits more to his liking, and engaged in trading, afterward entering a banking house in Hanover. He was successful. He had five sons and they each established banks in different countries centred in Frankfurt, Vienna, London, Naples, and Paris. And they prospered. Edmund who comes to us today, comes from, I believe, the London branch, where he is a director of N.M. Rothschild and Sons.

I must admit I felt somewhat embarrassed about having difficulty finding information on our guest today, until I was sent a few articles and papers by a local financial newspaper in which I found this.

"The English house, being English, makes a point of being pale. While Parisians personify the glamorous athletic "haut monde," the London branch seems to feel that perhaps that sort of thing would not quite do for them. Even their chromosomes appear a great deal more tradition minded. The Parisian Rothschilds look as slender and dashing as any drawing-room comedy marquies; but the Londoners tend to be a stoutish Savile-Row-tailored, Cambridge-accented version of the German rabbi old Mayer wanted to become."

In spite of this picture of quiet civility, our guest does have a distinguished career. He served in the Royal Artillery during the Second World War and was wounded in action. He has been an active supporter of veteran Associations ever since.

Mr. Rothschild did serve in the family business of N.M. Rothschild and Son and had close ties to Canada in the Maritimes. He was Deputy Chairman of British Newfoundland Corp. Ltd. and Churchill Falls (Labrador) Corp. Ltd. and helped fund that mega power project.

He is Vice-President of the Council of Christians and Jews. His interests include gardening, fishing, shooting, cine-photography and hunting butterflies.

On December 2, 1988, Mr. Rothschild agreed to chair the British Corporate Council of CARE International. It is in this capacity that he comes to us today, and we welcome him and invite him to speak to us now.

Edmund de Rothschild:

"Inescapably, hesitatingly, terrible like fate the great task approaches; how should the earth as a whole be administered? To what end should man — no longer a people or race — be raised and bred?" This statement of Nietsche's of the last century is so apt today.

However, modern man is technically competent to harness almost limitless energy and to provide food and shelter for the five and a half to six billion people now estimated to be living on our planet. And this could rise to over seven billion by the year 2000 unless the toll of AIDS, war and natural calamities such as earthquakes or greenhouse effects lessen these figures.

Mr. Chairman, ladies and gentleman of the Empire and Rotary Clubs of Toronto I am deeply honoured to be invited to speak to you today under the auspices also of CARE Canada about which I will say a few words later on.

You have asked me to talk on Europe. Winston Churchill always said that from 1940 to 1945 he was one of the bearers of the Cross of Lorraine. One day when he was asked about planning his funeral he said "And will mon General be there?" The reply was "Yes, if he is still alive." So Churchill asked "Pray, from which railway station will my body be taken to Blenheim Palace (the house where he was born)?" The reply was "Paddington Station," to which Churchill said "No, it will go from Waterloo Station." And it did, and mon General was there.

It was General Charles de Gaulle, who said, and I quote "Europe, the mother of modern civilization, must establish herself all the way from the Atlantic to the Urals and live in a state of harmony and cooperation with a view to developing her immense resources, and so to play, together with her daughters in Canada and the United States, her worthy role in relation to the billion or more people who so badly need her help."

And what a change we have seen in Europe. It was a strange and unconnected coincidence that in 1789 Louis XVI, the King of France, escaping from the revolution, put his head out of the postillion in which he was travelling at an obscure frontier post, was recognized and sent to his death by the guillotine. Two hundred years later in 1989, Ceausescu of Romania left his palace in a helicopter, transferred to an armoured car, then to an ordinary vehicle which was stopped at a barricade across a minor road. He was recognised and brought back to his death. As European events unfold we face a rise in national movements, as in 1848, Magyars versus Romanians, Czechs versus Slovaks. In Russia, always known as a colossus with feet of clay, there are Lithuanians, Latvians and Estonians versus Russia, Azerbaijanis versus Armenians and so on. The euphoria of earlier this year of a united Germany is dissipating and for two Germanies to unite poses great and traumatic problems. But the Germans are a disciplined people and a united Germany could well dominate the European economy, without, however, the North Sea oil.

Bankers are normally conservative people. So to try and foretell whether Britain is right to join the European monetary fund or go for something else is far into the realms of hypothesis. Perhaps I could answer my thoughts on this in the following manner. There is an amusing strip cartoon in the International Herald Tribune featuring Blondie. In one of them Blondie asked Dagwood, her husband, "What makes the stock market go up and down?" Dagwood replied, "It is simple — inflationary pressures and fiscal instability, also international imbalance and political tension." To which profound words Blondie replied, "As long as you don't know dear, why don't you just say so." I feel that nearly all of us must feel the same as Blondie about the future of any economic policy.

To turn to your great country — I know you are having some constitutional problems, but I have the same faith in Canada as did my bank's first correspondent who, in 1835, writing to my great-great-grandfather from Yorktown, Upper Canada, wrote "Moreover Canada presents the spectacle of an institution free from the moss and rust of ages with a revenue annually increasing and property rapidly advancing." This is still the same today. And so, my bank, N.M. Rothschild & Sons Limited, still has a close involvement in your great country with an office and representative here in Toronto under Mr. Garfield Emerson, Q.C. and a representative in British Columbia, Mr. Dan Pekarsky and also a small entity in Prince Edward Island.

Many of you here today may well know of my involvement in Canada with Brinco and its development of the Churchill Falls in Labrador. This was indeed a challenge and it's brought into my life many of the finest people I have ever met and worked with, some of whom I am delighted to see here today.

But I want to talk about another serious and very dangerous crisis in the Middle East. All my life I have been involved with refugees. I was fortunate to have survived three campaigns during World War II and I witnessed some of the terrible scenes in occupied Europe and Germany. I became treasurer of the British sponsored World Refugee Year and ever since have been trying to help where possible. So, in 1967 after the Six Day War, I wrote a letter to the Times outlining a plan whereby 17,000 Arab refugee families could be resettled in reasonable homes south of the Gaza Strip at El Arish. This was taken up with a whole supportive page of the Times newspaper. It took me to see Vice President Humphrey, General Eisenhauer and many eminent people including both Mr. George Woods and Mr. Robert McNamara, Presidents of the World Bank. The then British Prime Minister, Harold Wilson, wrote me a six page letter having had his civil servants go into the plan in great depth. His key sentence was "On the other hand, if an overall international scheme for the economic development of the whole area could be elaborated, Her Majesty's Government would certainly wish to consider participation in projects which could lead to the provision of water to assist the resettlement of refugees." Sadly, the three negatives of the Arab League at the Khartoum Conference inspired by Nasser stopped the furthering of this project.

On the 13th of September of this year, I wrote to our Prime Minister, Mrs. Thatcher, outlining a forward concept trying to think positively and putting in simplest and barest outline a simultaneous proposal for any peace plan to go in conjunction with the future of the poorer countries in the Middle East. I have had acknowledgment that the plan makes sense but the thinking has been that a political settlement should come first. In my letter to the Prime Minister I said, "But — Prime Minister — I firmly believe that such a concept put forward as a thoughtful brief for long-term aid to the countries concerned should not be ignored. If any political settlement should by any chance be reached and no such plan thought out a hiatus would occur in which there would be little hope of what could be done to improve the living conditions of the countries in the region." Her reply was indeed positive and suggested that I should continue to keep the Foreign and Commonwealth Office briefed. In a second letter I suggested that ex-President Carter and ex-Prime Minister Trudeau should be involved to which she has replied in a letter again positively.

If I may, I would like to outline these and shorten the aide memoir I put forward concerning the Marshall-type plan for the poorer countries in the Middle East and suggest that via the World Bank and through AID sums of money might be made available to look at potential developments which would provide employment to thousands of persons.

To start with:

1. Egypt

Assessment of the High Aswan Dam and the silting up of the Nile causing lack of power and fertility in the Nile Delta. The undertaking of the Qatarra depression plan to provide an area for the development in this region by the cutting of a canal from the Mediterranean to the depression using penstocks to provide power to desalt the plentiful brackish water in the aquifer beneath the depression and provide power and irrigation for a sizable area.

There is a personal story attached to this.

In 1968 I attended a Water for Peace conference given by President Lyndon B. Johnson in Washington and went as an observer attached to the United Kingdom Atomic Energy Authority. I was in fact the lowest form of animal life at the conference. However, a mis-statement was made by Secretary of State Udal when in his opening remarks, he said "By the end of the conference we should have desalted water at 22/25 cents per thousand U.S. gallons and power at 3.5 mils." I went up to Mr. Udal and said "How could you make such a mis-statement about power being 3.5 mils when you know that the cheapest power you can get is at 4.5 mils. at the Labrador border?" To which he replied "What is mil between friends?" and then seeing my badge he took me by the arm and said "Ah, it is only a matter of the rate of interest, isn't it?" All I could do was to burst out laughing and at a state reception later two burly men approached me and asked me to come outside for a moment. They said they would like me to be President Johnson's personal invitee through Secretary of State Udal to go down the Potomac River on the USS Sequoia with the heads of all the delegations the next evening. I said I was only the lowest form of animal life. Nevertheless I attended and was challenged by the Kuwaiti at the foot of the gangway. I let him know that I was one of Her Majesty's Government Trustees of the Freedom from Hunger Campaign. I sat next to the head of the Russian delegation, a warm hand put itself in mine being Prince Feisal of Saudi Arabia seeking 23,000 gallons of water over a certain period of time and finally meeting the Egyptian delegate who knew who I was and told me of his great scheme for the Qatarra Depression.

2. Jordan

Here one could pump water from the Red Sea over the mountain range and down via Penstocks to the Dead Sea by means of head reversible pumps. This would provide all the power necessary for heating, lighting and industry in Jordan which country also has considerable ground water for its needs. Incidentally, it is interesting to note the height of the Dead Sea at the time of Jesus Christ was double that of today.

3. Lebanon

Just the rebuilding of the damaged housing and the buildup of the country's infrastructure.

4. Syria

There is a large project in Turkey for damming up some of the head waters of the Euphrates and unless great care is exercised to allow the silt to go through the turbines, further large areas of Syria could well be turned into desert.

5. Sudan

This country is facing starvation and immense problems.

6. Israel

To increase the fresh water capacity for the Negev by desalting plants and to house the exodus of Russian Jewry to Israel itself.

7. Gaza Strip

Gaza's water source comes from an aquifer from the North formed by rain water. A separate source from that which feeds Israel. But there is insufficient water for irrigation, thus a large desalination plant is necessary.

Housing

The housing in the refugee camps and the attendant sewage problem, is of desperately low standards. It might be possible for each camp to be made into a municipality and given the status of a City under Arab administration with phased construction under UNWRA auspices.

Fishing

The Gaza fishing limit is only 12 miles because of the difficulty of supervision for security and drug smuggling. The Bardawir Lagoon has reverted to Egypt and the Gazans are now precluded from fishing there. A dearth of fish exists mainly because the usual silt that used to come down the Nile from the Sudan has ceased piling up behind the high

Aswan Dam. With UNDP assistance, Israel is building a complex consisting of an ice factory, fish market and cold storage depot and shops and plans are being considered for a marina on the south coast of the Shati camp and this needs considerable funding.

Sewage

It could be possible to construct a sizable co-generation unit using sewage for generation of electricity.

Medical Plan

Nine hundred babies are born each month and increasing, and infant mortality figures show a drop from 140 per 1,000 to 32 per 1,000. But extra medical care and hospital facilities are needed.

It was General Marshall after World War II who suggested a plan for Europe and this saved us. This Marshall-type plan that I put forward could give work phased over at least five years though it does not solve the over-crowding problem because there exists the famous 'Pavlov rats syndrome' which is a hypothesis that the more crowding, the more belligerent inmates of an area thrive at the expense of the weaker persons.

To give the roughest guestimates of what sort of figures, this plan perhaps means the allocation of some $3 to 5 billion a year to these countries, Egypt, Jordan, Syria, Lebanon, Israel, Sudan and the Gaza Strip and this could amount to $30 billion a year every year for five years. This is only peanuts compared to the weaponry that is being given to this area. This would benefit the whole poorer area from the employment point of view and would raise the standard of living but, ladies and gentlemen, to be completely realistic, before such sums could even be contemplated research should be done with the necessary consulting engineers and the full knowledge of the countries concerned to see what sort of aid takes priority.

The chances of doing anything like this are remote but it seems so well worthwhile at least attempting to be constructive. Who would have thought that the impassable barrier, the Iron Curtain, could be torn down in the period of a year? It is forward planning and forward thinking, together with the knowledge of how to effect such aid that is necessary. And this is where the charity CARE comes into the picture.

CARE has been in the aid business for 45 years. Originally it was set up to send CARE parcels to people in starving Europe and Japan to help them recover from the aftermath of the Second World War. Since then it has built up a unique reputation for its practical and professional approach to relief and developments. There are 7,000 people in the field today. Today CARE Canada is a vital part of the CARE group throughout many countries in the free world. Your organization, like CARE Britain, with which I am closely involved, is a member of CARE International. Together the group is investing in the education, health, and productivity of two-thirds of the world's population in the underdeveloped countries, where it is hoped the standard of living can be raised utilizing their resources and preserving their environment. Your government, through CIDA, has contributed a great many millions of dollars to these countries and entrusted CARE Canada to be responsible for this aid. According to the amounts raised by the Canadian donors to CARE, CIDA gives $3 for every $1 raised for some projects and as much as $10 for every $1 for certain bilateral projects. We hope therefore that you will realize where dollars go and how, to enable CIDA to make these dollars go a long way and be worthwhile.

It is the Empire and Rotary Clubs of Canada who, under the auspices of CARE Canada, have organized today's gathering. CARE Canada is an entity that is unable to guarantee miracles, but only hold a commitment to maintain the responsibilities to preserve liberties, customs, rights and privileges for those whose well-being they are helping to promote.

We all face a most uncertain future. The whole scene throughout the world is cloudy — like seeing through a glass darkly. What will the '90s herald for the 21st century? Who knows. King George VI in the last broadcast before he died quoted Miss Minnie Louise Haskins:

"And I said to the man who stood at the gate of the year; give me a light that I might tread safely into the unknown" and he replied, "Go out into the darkness and put your hand into the hand of God, that shall be better to you than light and safer than a known way."

Which perhaps can more easily be understood with a quotation from Teilhard de Chardin.

"Some day after mastering the winds, the waves, the tides and gravity, we shall harness for God the energies of love. And then, for the second time in the history of the world, Man will have discovered fire."

In these two quotations lies the future of us all bound up with what you in this great country, Canada, are striving for through CARE Canada. If I have put any fire into your bellies to support CARE it is through your donations that you can help in some way the work that is so vitally necessary for the improvement of the lives of so many people and furthering the cause of peace.

Thank you for listening to me.

The appreciation of the meeting was expressed by R. Blake Moore, President, The Rotary Club of Toronto.

October 25, 1990

Diane Dupuy

President, Famous People Players

LIVING THE DREAM

Chairman: **Harold Roberts**
President

Introduction:

Our speaker today is a very aggressive, determined and strong person. Although I had not met her until today, I introduce her by highlighting these good qualities based on a wonderful reputation which precedes her and on the two-hour television show "Special People."

I first heard of Diane Dupuy when the Honourable Pauline McGibbon was Lieutenant Governor of Ontario. As one of her Aides-de-camp I witnessed how captivated Mrs. McGibbon became by the wonderful performances of the Famous People Players. The First Lady of Ontario was their number one fan in the province and she was 100 percent supportive of Diane Dupuy and her company.

It was in the film "Special People" that I first saw them perform and I must say it was very moving to see how Diane had to to push, cajole, hug, cry, laugh, shout, in fact use almost every emotion she had to draw out the wonderful talents of those young and not so young mentally handicapped people. The shows of and with Liberace were spectacularly colourful and exciting. The co-ordination and production must have driven Diane to the limit.

But limits are only the boundaries that Diane at a young age quickly learned, needed to be exorcised. Starting in 1974 in the basement of a church, the Famous People Players have since dazzled audiences throughout Canada, Bermuda, China and the United States. Their performances are acclaimed by all who see them. Some of their well known fans include Ann Margaret, Anne Murray, Tony Bennett, Hal Linden, Paul Newman and, of course, Liberace.

Her outstanding work with the Company has been widely recognized. In 1982 Diane was made a member of the Order of Canada. In 1981 she was named woman of the year by the B'Nai Brith. In 1984 she received the first Ernest C. Manning Award for Merit. Also, to her credit, she has received the Library of Congress Award, the Vanier Award and an Honorary Degree from the Faculty of Social Science of the University of Windsor.

In fact Diane is a rare species. She is a Canadian who has been nationally recognized for her good works. We welcome her to The Empire Club of Canada and invite her to address us now.

Diane Dupuy:

I am delighted to be here to share my story of a remarkable theatre company called The Famous People Players. The story takes us on a journey from a church basement in Toronto, Canada, to New York City's Great White Way. It's a story of success and struggle, discipline and dignity, cooperation and inspiration — the kind of stuff that's made up of big dreams and a little bit of magic.

I'd like to take you back with me to October 26th, 1986. That was the opening night of The Famous People Players on Broadway. I'll never forget that night as long as I live. It was raining cats and dogs, and boy, were we scared. I kept wondering, was that curtain going to rise on a dream or a nightmare. Because New York is surely the big time and as a familiar song says,"If you can make it there, you can make it anywhere." The Famous People Players wanted to make it.

I remember watching all my performers as they moved about the stage presetting their props and putting everything in its proper place. The Famous People Players perform in a very unusual theatrical technique called Black Light. Now, that's where all the performers are dressed from head to toe in black velvet jumpsuits so that they're totally invisible to the audience. They manipulate life-size puppets painted in bright, fluorescent colours lit by ultra-violet tubes which make the puppets move magically about the stage in mid-air.

I've been working with The Famous People Players for 16 years and believe me, it took plenty of determination and resourcefulness to get us to Broadway. I remember how I gathered the group before me and told them, "You know, you're only as good as your last performance and this better not be the last." And then I watched them as they took their places on stage and I realized I had forgotten to tell them how much I love them. And as the curtain went up and the company went courageously into the future, I knew something about those invisible players that the audience in New York didn't know — the northern New York critics — and that was The Famous People Players were people who were once called mentally retarded and through hard work, discipline and dedication overcame their handicaps and said 'Yes' to life in spite of everything. As the company was performing, I went to my dressing room because I was too scared to watch the show that night for fear that, if I saw a mistake, I would pass out from fright.

So, as the music played below my feet, I started to go into the past and I started to ask myself all kinds of questions like, "What ever gave you the idea to start up this company?" and then the next thing you know, I saw myself as a little girl holding my mother's hand and getting ready for the very first day of grade one. My mother told me that education was going to be very important and today, at school, I was going to make all kinds of new and wonderful friends. Well, she said goodbye to me and I walked into a whole new room I didn't know existed. I sat down at my desk and I don't know what I said or what I did wrong, but obviously I had done something very bad because the nun came up the aisle and slapped me really hard across the face. I was so humiliated and I didn't even know what that word meant. And all those strange eyes in the classroom just staring at you like a spotlight beating down on your face. And then when I went out to the recess yard I didn't have all the new and wonderful friends that my mother told me I was going to make at school, because if you're not a hit with the teacher, you're not a hit with the classmate. And when I went home that night and my mother asked me how my first day at school went, I was too scared to tell her because if she ever found out what it was that I did wrong, then maybe she wouldn't love me anymore.

Now, that was the very beginning of mental regression for me. Going through the physical motions of going to school, but never being mentally there. I remember sitting at my desk and the teacher constantly scolding me because I was never paying attention. I was too busy looking out those big windows and pretending that when I grew up, I was going to become the Lone Ranger.

When I went out to the recess yard and because I didn't have any friends, I tended to make up my own invisible friends and so then I galloped all over the recess yard on my invisible horse, Silver, screaming at the top of my lungs, " Hi Ho Silver." And then, one day, some kid called me a retard and that really hurt. We didn't know what that word meant in those days. I mean, all we knew was that it was someone that you locked away in an institution because they were crazy, And then the worst thing happened. I was told that I had to repeat another year of school. Now, that was really bad because when you repeat a year of school, that means you failed and you were considered a failure and that's what I was. My parents were so concerned, they immediately sent me to a private school hoping that would help. It was there that morning in the recess yard that I was talking to myself when this nun walked up to me and asked me who I was talking to. I looked up at her and I said,"I'm talking to my horse, Silver." She says,"My, what a fine looking animal we have here. Now, why don't we just tie him up to this tree and you and I are going to go in and learn how to read." Well, she was wonderful, but you don't always have the same teachers and I really didn't like school. And then I was told I had to repeat another year of school. Well, when you know you're a failure and you know you're going to fail, you never bother trying and that was me.

And then, one day, something wonderful happened. A new kid came to join the class. Well, this made me feel really good, because she was a lot uglier than me and that made me feel good. Now, all the kids could pick on her and leave me alone. She was an epileptic. She used to have these terrible seizures where her skirt would wrap around her neck revealing her underwear and all the children would laugh. I would cry. I really didn't see what was so funny in all that.

Well, then grade eight came along and I discovered that I was now of legal age to quit school. That's what I did after trying to take a shot at getting into high school. Now, what does someone do when they quit school that young and they don't have an education behind them and they don't come from a family that has the financial means to support them? Well, when I was a little girl, my mother gave me my greatest gift — a pair of hand puppets. I believe that was probably the only time I ever had any friends in my life, when I went around putting on puppet shows.

So, I started to entertain people for a living. Then, one day, I got a phone call from an agency, the United Way agency, asking me if I would come and entertain some people who are retarded. I said no. Why? Well, that's what someone had called me and frankly, I didn't want to have anything to do with these people. But the lady was very persistent and she told me that a lot of great Canadians had given an awful lot of their time, people like Don Herron. "So why can't you give some of yours?" And the next thing you know, there I was setting up my puppet theatre, convinced that at any moment these crazy and violent people were going to come through the door and tear my puppets apart. I was so surprised when they walked in so normally, and then, during my performance, something happened. One of the people in the audience had a seizure and everybody helped. Nobody laughed. So, it was that day I started to ask myself just who was retarded here — and it's the normal people. I mean, did you know that it was normal people who wanted to institutionalize Einstein because they thought he was retarded. And yet it was Einstein who said that "Great spirits always encounter violent opposition from mediocre minds."

Well, that was 16 years ago and at that time, our Canadian government had started up a unique concept called Job Creation. And they came up with an idea called Opportunities For Youth. If anybody could come up with an idea that would provide employment or opportunities for people who are handicapped or minority groups, the government would give us a grant to start up our own business. All I had was my imagination and my puppets and I thought,"Wouldn't this be a wonderful idea, to start up a company with these people — a theatre company." And so I sent my application off to Ottawa only to get a response that they thought it was a great idea except "You mean a therapy project not a professional company." I said, " No, I didn't go to school. I'm not a therapist, but I am a professional puppeteer and I believe very strongly that no matter who you are, we all have a creative core inside us and if we could just unlock it and let it escape, we could contribute many wonderful things."

Recruiting the people to join in my project was very difficult. I mean, I went from one school to the next looking for people. It was finally when I got to the last school on the list that I found them. We started up our first day, June 1st, 1974, in a church basement. We called ourselves the Famous People Players. We had a lot of big ideas and a lot of big dreams. Now, we even believed that if we were really good at what we did, then maybe we could get Liberace to discover us and put us in his show in Las Vegas. Well, we were young and naive, and we had no idea of what we were getting ourselves into.

In the group there were three people that I'd like to speak about today. One was a man by the name of Renardo who lived in a room for 15 years with a towel over his mirror because he didn't want to look at himself. Any time that he went out to play in the street, any child who saw him would say, "Hey, look at the man with the Hallowe'en mask." Then there was a young woman who had such violent temper tantrums that if you looked at her, just looked at her the wrong way, she could destroy this room in a matter of seconds. And then there was Benny, and Benny used to just sit on the floor and never talked to anybody. He was a man with no confidence.

Out of the people in the troupe were people who had all kinds of problems, from alcohol to drugs, to lying, to stealing, to keeping themselves clean, lack of confidence — I mean problems that normal people have. But there we were determined that we could make it all work. The whole time that we were rehearsing our big dream, we wrote endless letters off to Liberace.

And finally, to make a long story short, when Liberace was on his way to Toronto to perform at the O'Keefe Centre he came to see the Famous People Players perform at a special luncheon in Toronto. And I'll never forget that luncheon as long as I live because when the curtain went up, the Famous People Players performed and a Liberace puppet recited the words of the Impossible Dream…"To dream the impossible dream, to be better far than you are, to try, when your arms are too weary, to reach the unreachable star" and as the puppet recited those words, the whole stage just lit up in these bright fluorescent stars and only I knew the story about the people who held those stars — people like Renardo and Benny and Brenda and all the others. And before I had a chance to say anything to Liberace about who we were, because he didn't know, he immediately got up, went to the microphone and he said, "This show is so good, I've just got to take it to Las Vegas." I mean, wow, it was like a dream come true. I said, "Wait until he finds out who we are. I mean surely that would make a difference." And when the company came out on stage and took their hoods off and became visible to him, he looked at them and he went back to the microphone, and still looking at them, he said, "It's not because of who you are that you make people laugh or cry. It's because you're truly talented people who have the same right to be integrated as anybody else and you're going to love Las Vegas."

Well, before you know it, there we were standing in the lobby of the Las Vegas Hilton Hotel and if you can imagine for a moment a group of people who have never been away from home in their whole life. Nobody could read or write, make change for a dollar, tell time. So, I volunteered to sign everybody's name for them at the front desk because they couldn't even write their name. The hotel quickly informed me of a policy that everybody must sign their own name. Well, two and a half hours later, everybody had signed their name. Then we had to teach the Players that when you go into the coffee shop at the hotel, you don't take the money that's sitting there on the table — that belongs to the waitress.

When we opened for him, boy, were we scared. I'll never forget hearing that drum roll — or was it the beat of my heart? I don't remember. And when we got a standing ovation from a Las Vegas audience, it was because we were truly entertaining. After all, they didn't know who we were. To win a rave review in Variety that said that the Famous People Players were the best new act in the business, that made us feel so good, because the critic didn't know who we were.

I certainly didn't recognize my Players as they boarded that Air Canada flight home from Las Vegas at the end of their run. There was Renardo walking down the aisle of the plane and everybody was staring at him — and it didn't bother him at all. There was Brenda sitting next to the lady talking to her about something that truly annoyed her and she wasn't ripping the aircraft apart. And there was Benny. Now, he was up there telling the pilot how to fly a plane.

It just goes to show you what cooperation and integration can do. That was the beginning of the next ten years of opening and closing more shows for this remarkable man. And many things happened. I mean Special People, the movie, and we were on the Phil Donahue Show and Good Morning

America. And then all of a sudden we were reading our review and they're saying, "Wonderful work done by handicapped people." When we were with Liberace, we were never called handicapped, and that hurt us. So we decided we had to do something to change that. We were going to produce our own show and we were going to go to Broadway "because if you can make it there, you can make it anywhere." If we could win those rave reviews from the toughest critics in the world, then nobody could call us retarded again.

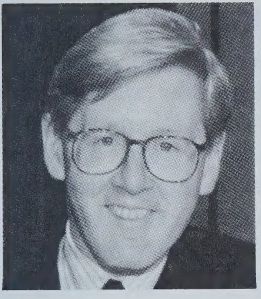
Now, how do we get to Broadway? Well, we needed to raise $1 million to produce our show there. How do we get a million dollars? We decided that we would sell Famous People Players buttons for a dollar each. So, we ordered a million buttons. You have no idea what a million buttons look like when they come in a delivery truck. We started in the streets of Newfoundland and we worked our way right across Canada. I even had nightmares of buttons chasing me down the street. Then, when I returned home to my surprise I found a cheque from Paul Newman for $40,000. He told us to keep the buttons.

There we were. We were on our way to New York and we were prepared for the tough competition we'd be up against — shows like Cats and Chorus Line and 42nd Street. But when we arrived in New York, we had no idea that the real competition was the World Series Mets game. I mean, nobody was buying tickets to our show. New York had baseball fever. I can't tell you how much I hate the Mets. But there we are, it's opening night on Broadway and I forgot to tell my performers how much I love them. And then when the curtain came down, I could hear a standing ovation that drowned out the thunder storm outside and I realized that the real miracle was that the Famous People Players had made it to Broadway. When the Company took their final curtain call, becoming visible before the audience, I thought, "Life has meaning no matter what the circumstances." The Famous People Players had turned their handicaps into victory. Their message is to give more than you can give, to reach inside yourself to dream, to believe in yourself and dare to make the impossible dream possible. After all, the word impossible means it's just going to take a little longer; that's all.

I look back to opening up the New York Times and seeing that wonderful, glorious review that was so perfect that I really thought I wrote it myself and nowhere did the critic ever mention who we were because it didn't matter. What mattered was what he said and that was, "It was truly entertainment." The Famous People Players have certainly taught me a lot more than I could teach them and they showed me that I wasn't a failure and they too have given me so many wonderful gifts — the gift of learning and teaching me to forget about myself and to become myself.

So, my message to all of you today, is: Dare to dream, dare to be different and above all, dare to take chances. You know, when I was leaving the theatre at the end of the run, I had to walk past that same doorman, the same doorman who told me on our opening night on Broadway that this, the Famous People Players, would never make it on Broadway. He came up to me and said that this was the greatest show he's ever seen. I looked up at him and I said. "Dick you're slow, but you're worth waiting for." Dick handed me a telegram and when I opened it, it read, "For people who move around in the dark, you turned lights on in our heads" — Alan Alda. That ambitious dream I dare to dream — it really came true. Thank you.

The appreciation of the meeting was expressed by Robert Watt, Partner, Hetherington, Fallis, Park, Watt and Carriere and a Second Vice President, The Empire Club of Canada.



October 29, 1990

A joint meeting of
The Empire Club of Canada
and The Canadian Club
of Toronto

The Hon. Bob Rae

Premier of Ontario

OPENNESS AND PARTNERSHIP

Chairman: **Al G. Jameson**
President, The Canadian Club of Toronto

Introduction:

Our guest speaker today has been active in politics for many years, having been first elected to the House of Commons for the Toronto riding of Broadview/Greenwood in a Federal Bi-election in 1978.

He was subsequently re-elected in that riding in the general elections of 1979 and 1980. Bob Rae then turned his focus to provincial politics. He was elected leader of the Ontario New Democrats in February 1982, and became a member of the legislature in November of the same year, when he won a bi-election in the Toronto riding of York South.

He was re-elected in that seat in the general elections of May 1985 and September 1987. As leader of the Ontario New Democrats, Mr. Rae was a key architect behind the signing of the accord between the NDP and the Liberal Party, which brought to an end 42 years of Conservative rule in this province.

And then, of course, came September 6th, 1990, when the NDP won a convincing majority of seats in the legislature and the Honourable Leader of the Opposition became the Premier of the Province.

Mr. Rae has a B.A. and a law degree from the University of Toronto and was elected as one of two Rhodes scholars from

Ontario in 1969. He is certainly well-prepared for the position he now holds.

Ladies and gentlemen, please join me in welcoming the Premier of the Province of Ontario, the Honourable Bob Rae.

Bob Rae:

Thank you very much, Mr. Jameson. Ladies and gentlemen, if I'm a little nervous it's because as a New Democrat I'm not used to speaking to such a large audience, but I appreciate the fact that you're all here and very much appreciate the opportunity to give you some of my thoughts on the challenge which we face together as a province. And obviously the challenge which we face together as a province is very much the challenge that we face, as well, as a government.

I've said on other occasions and will certainly say in front of this audience, here in Toronto, that I did not go into the election in July 1990 expecting that I would be the Premier on September 6th. I suspect there are one or two of you here, perhaps even at the head table, who are in the same position.

But, as I've also reminded people, here we are. And the fact that it was unexpected, and the fact that I don't mind saying I was as surprised by the result as anyone, gives me a slightly different attitude to the job than perhaps others may have had; first of all because I realize how fortunes and fortune can change very quickly and very dramatically. And so as gratified as I am by some recent soundings that I've seen published in the paper, I'm under no illusions as to how long those things can last. It also means that we have a particular challenge in the few years that we have as a government. I can't tell you exactly how long that will be, except to say that I have no plans to call a summer election, and I won't call an early election.

The events of the last few weeks and few months have been truly humbling for me and for my colleagues. And the one thing that underlines the efforts that we have made so far has been the need for us to build a stronger partnership in the province. I want to talk to you today about that partnership, about its elements and the reason why we have to build it. I want to talk to you very directly about the importance of openness and what I call the principle of transparency, which I think is crucial for us to be able to understand each other well. And finally, I want to address the issue of the need for a stronger national partnership than the one that we now have.

Let me start, if I may, with this question of openness and transparency. I think it's long past time and it's our great challenge and opportunity as government to tell you, as clearly as we can, the situation as we have found it and as we see it. Of course, as somebody who was very actively engaged in partisan politics as leader of the opposition, as leader of the NDP for a long time, I'm not anticipating that this will suddenly spread a total sense of sweetness and light in the legislature and that there will no longer be any conflict.

But I do think it's crucial for us as a government as soon as we discover a situation, and as soon as reasonably possible, to let the people know exactly what it is we have found and what we can do about it. And the Treasurer's reports to the province over the last little while have been very frank. They've not been particularly easy, but they have been very frank.

That principle of openness and transparency means that we must, as a group and as governments across the country, be as candid as we possibly can about how much it costs to do some things and about how things are going to be paid for, because if there's one thing that's crystal clear, Canadians of all walks of life, whether they're rich or poor, or getting by or doing rather well, whatever standard of living they may have, know that in their own lives they have to account for what they spend and what they earn and that these are the realities of life that they face.

Now I know the impression that everyone has about the New Democratic Party. People say, "Well, you know, the word on us from other parties is, we're the big spenders and we're the big taxers and we're the ones who are going to cause all kinds of problems and havoc to the economy." I would in a moment, perhaps just a brief one of mere partisanship, say to you, "Well the other parties have done pretty well in that department. They don't need help from the New Democratic Party." But wherever you may wish to ascribe the partisan blame, I don't think it would be fair to lay it at the door of a party which has never held office in Ottawa.

There is a more profound reality even than that, and that is to remind everybody in this room, those who are all at least well-enough off to be able to afford to buy a ticket here without having to pay the GST (and I appreciate the early invitation) that working families, above all, have to pay the bills. They don't get a long line of credit from the bank. They don't get a long letter of understanding saying, "No, you can pay later on." They know perfectly well that if there's one major asset that they purchase in their entire lives it's going to be a home. And they know they have to borrow to pay for that, and they don't mind borrowing to pay for that because they see the potential of the value of that asset growing. They know that it's going to be the most important investment that they make. And they understand the difference between doing that and going into debt to do that, (because very few people can buy their homes with cash), the difference between doing that and paying your Visa bill with a cash draw from your Mastercard. And so when they look at governments, they know what's going on, and we should be under no illusions about that. And, of course, it's human nature as it is. It's human nature for people to say to me as they have done, 'We'd like you to do this, we need more here.'

There isn't a person in this room who isn't working at an institution of some kind or other who wouldn't like something from the government. But I've got news for you. **You** are the government. **We** are all the government. And so when we are asking the government to do something, there's no mystical government out there. Or when I'm asking the Federal Government to do that, or when the Municipality is asking me to do something out there, we can all pretend that we're dong this and that and that we're changing things dramatically, but believe me we all end up paying for it. Somehow we all will, we all have to. And that fundamental discipline and that fundamental openness has to be there. And so the first thing I say to this group, as I have said to every group that I have spoken to, is don't just tell us what you want. Tell us how we can do it together. And yes, provide us with some solutions as well as with some criticism. Because, as I say, we have four to four and a half years together. Surely it would be wise if we use that time as productively as possible. And I think it would be wise. So we are as we were with respect to the question of the deficit which we found as we took office and which proceeded to grow as we waited to take office. We think it's important. For example, if the government's on the hook for $400 million because of a performance bond having to do with the transportation company that was started by a Conservative government as a Crown corporation, many years ago, then sold by a Liberal government to be privatized. Yet we were still on the hook for some money. We believe that rather than put it somewhere on the books so it's not readily available for everybody to see, better that everybody should see it. Four hundred million smackers right there. We believe that when you are negotiating or entering into negotiations with the Ontario Medical Association, and there hasn't been an agreement for several years, and you know that no matter how tough you are and how difficult you are in negotiations, you are going to have to end up conceding something. We think it's important that there be some recognition of that and how we budget.

And the final point I would make is, that when we discuss deficits, let's try to make a distinction, as virtually every other jurisdiction in North America does, and as we do as individuals, between the money that we invest as capital and the money that we simply spend. There is a distinction, and it's a useful one. You'll be told by the Americans, that 48 out of 50 states are required to operate with a balanced budget. I met with a couple of governors the last two weeks, and they very proudly said, "We have a balanced budget." I said, "You mean you don't borrow anything?" "Oh, no, no, I didn't say that," they said,"we have bonds for roads, we have bonds for hospitals, we have bonds for schools. We have bonds for infrastructure for municipalities. But that doesn't count." Well, I'm glad to tell you that if we operated on that basis, we have a $600 million operating surplus right now. But, again, it's important for us to understand why we are spending the money that we're spending and how it is that we're spending it, and to make sure that we're investing as wisely as possible.

The other thing I want to say about transparency is, it's okay to make a mistake. I've observed this as a critic of government. If governments were to say very quickly, "We made a mistake, we were wrong about that. We thought this was going to happen and that happened. It was a mistake on our part," I honestly believe the public would understand that a lot better than people pretending that nothing ever went wrong, as if it was all part of some grand plan, because nobody really believes that. And you will all have heard of the poll (without wanting to say anything on behalf of the CBC or the Globe & Mail) showing all the information with respect to how people are feeling about politicians and governments and various personalities and issues. I just think there's tremendous benefit to saying that mistakes have been made, and once they've been made to recognize it and then to move on. And I can assure you I will make mistakes, probably more than a lot of people would make. But there you are. As long as we admit them and move on from there, I think that that's the basis on which we should operate.

The second thing I want to talk about, to all of you, is partnership. We cannot possibly create a stronger province out of this recession without the participation and involvement of not only everybody in this room, but indeed everybody in the province. We can't afford, quite frankly, the misunderstandings, the saying, "Well that's his fault, it's not my fault, it's their responsibility. It's not my responsibility." We can't afford that, because, believe me, the Japanese aren't engaging in this kind of thing. They've got their act together and they're directing and moving and know where they're going.The Europeans are coming together. It took the Germans nine months to do what all of us, two years ago, would have said would take a decade. They decided that it had to be done, and they found the will to do it. And in doing it, a lot of old attitudes just went because they couldn't afford the luxury. And I think we're in a similar position. In this province right now, in terms of our economy, we have got to pull together more effectively than we ever have before. We've got to learn lessons from other countries where investment in people has been seen as absolutely fundamental for the future of those countries, where decisions are made that there is going to be a sense of solidarity in society, so that everyone can benefit from good times and better times.

And I can tell you in a multicultural and multiracial society, which is what we are, we have to work at this even harder, and we have to make even greater efforts to do it, because the good will and the sense of coming together of our people depends on it

In the steps that we've taken as government so far, the announcements that we've made, there have not been very many made as a matter of deliberate policy. But when we've had to make tough decisions as we have, we've made them. For example, the Verity corporation. We could have decided that we would fight this thing to the very end and spend the next ten or fifteen years in court. It could have done that. And I suppose some people would have said, well that's consistent with the speech which you made in 1984 or '85. But frankly, we were faced with a choice in which we decided, let's get as much as we can for this situation, for the people who've been hurt by it, and let's use the money to good purpose. And I believe we've succeeded in doing that. And frankly one thing that I could never accept as a person was that we had managed to delay for over a decade the question of what happens to the workers whose wages are not paid as a result of a bankruptcy. And surely as a province, one of the wealthiest places in the world, surely one thing we can say, is that when a company goes bankrupt, no worker will be out of wages for which they have worked, as a matter of fundamental principle. And so frankly, we used the Verity money and the money from that situation to put into a fund and to say, as a matter of fundamental law, everybody will be paid in the province for the work that they do.

Now my predecessor set up three previous counsels — one on health, one on the environment, one on industry and the future economy of the province. And I think, frankly, he took the right approach. We want to build on that approach. We want to deepen it and strengthen it. But we've got to have people from business and labour, from finance and manufacturing, from all elements of the economy, from the wider community, coming together, and making decisions together that will make sense to the whole province. And that's one of the things as leader of the province, I'm looking forward to being able to encourage because I think it's crucial.

Finally, I want to talk to you very briefly about the need for a stronger national partnership. Canadians from coast to coast are troubled and none of us can pretend that we have the answer to this profound sense of concern and unease which I think, regardless of party, one can say, exists across the country. I certainly don't. I think anybody who does, or pretends that they do, is going very quickly to be seen as not having an answer at all. But we surely must learn from the experience of the failures that we've been through, and that's precisely what our government wants to do, to learn from what's happened, and then try and reach out and build a stronger partnership with other parts of the country.

There's been a lot of talk about why Meech Lake failed, whether it was Clyde Wells or Elijah Harper or one or two individuals. I don't believe that for a moment. The fundamental problem with Meech Lake, and I'm speaking to you as one who was a supporter, because I thought that in the circumstances it was the best that we could do and that we were better off with it than without it, was that not enough

Canadians were able to see their reflection in the constitutional mirror. Too many people felt that what was being discussed and decided upon left them out. And so we now have a process which is, in a sense, waiting to be born. Quebec, the set up of a Commission, the Federal Government — we're waiting to hear what initiative they have. We have decisions to make as a province with respect to our future, in terms of the discussions which we will hold. But I want to set out very clearly for people today that we simply cannot go on pretending that the status quo can hold, because it isn't working for us, frankly, any better than it's working for other parts of the country, and let's not pretend that it is.

The fight over the GST between the Senate and the House of Commons — the way in which the GST has been imposed on us — the way in which that has not been able to be resolved in a way that, frankly, would do Canadians proud at all, is a sign that our national institutions are not working well. The fact that the Minister of Immigration would on one day announce a policy that's supposed to hold for five years, and then the next day say, well it's up to the Province of Ontario to pay for all the education and social service costs involved with that decision, is not a sign of a federal system that's working very well. As if, somehow, we don't have a stake and a claim with respect to the effect of that decision. I could tell you about the amount of waste and overlap in the current system. I could tell you of parallel bureaucracies that are working, sometimes in touch with one another, sometimes not, competing political agendas, which prevent any effective delivery of many of these programs — this is not a great way to do things. We would like to have a better way of doing things. We can and we must do better.

I call on the Prime Minister to bring the First Ministers all together, not to talk in an idle way about the constitution, but to talk about the real constitution of the country, which of course, is the economy. The Prime Minister said, "No, I won't do that, because I don't have to, because Meech Lake failed." We can't afford that. We can't afford to say that we're never going to meet again or we're never going to sit down together again, that we're never going to deal with these economic problems, and we're never going to be brought together in a way that will deal with them because the process didn't work last June. We don't have the luxury as a nation of doing that.

I had a teacher once, a philosophy professor, who once was criticizing political philosophy and he put it very neatly when he said, "I wear glasses." And he pulled off his glasses. And he said, "It's important to have clean glasses. So every once in a while I clean my glasses and then I put them on. I don't spend my life cleaning my glasses." We are, as a nation, in danger of spending our life cleaning our glasses. And while we clean our glasses, the Germans are coming together. Europe is coming together. Japan is extending its economic vitality. Other countries are coming together. Newly industrialized nations like Brazil are giving us competition in areas we would never have dreamed of ten or fifteen or twenty years ago. And we are, as a nation, still cleaning our glasses. And people say, "We can't have a meeting in November, because the one we had in June didn't work out."

I say to you, we don't have the luxury any longer of having that attitude, and I really believe that. We must come together as a nation. And I believe we will do that most effectively, not by talking abstractly about what it is that divides us, but by talking very practically and specifically about the changes that we can make. About how we can run our affairs better and more wisely and more fairly. I think that's essential, and that speaks to the principles that I've talked about — openness, transparency. There's nothing to hide here. There's no magic solution. There's nothing that can be done that doesn't have a cost. Everything will have a cost. It will have to be paid for.

And partnership — we cannot afford to ascribe blame and not take responsibility ourselves. We are all responsible for the situation in which we find ourselves. It would be fruitless of me to spend the next four and a half years engaging in a rhetorical assault on the failures of the Liberal and

Conservatives over the last decade. We can't afford to spend our time doing this. There's too much positive that needs to be done. There's too much constructive that needs to be done. And let me be very direct with you, I need Conservatives and Liberals to help me to do it as the Premier of all the people in the province.

I'm not saying that anyone here or anyone in this room has suddenly to turn up at a fund-raising occasion on behalf of the NDP. I'm not expecting people to give up on their partisanship or to be any less effective exponents of their party or to give up the dream in their hearts that this is only a temporary fluke and it will all be over in four and a half years.

But I'm here to say to you that I take my responsibilities seriously as Premier at this time in our national life, at this time in our provincial life. I hope I don't take myself too seriously, but I take these responsibilities seriously. We face a tremendous challenge as a province and as a country. We're in a recession. We're in a state of what I think can only charitably be called a profound national unease which needs some shaking up and some resolution. And we need, frankly and finally, a sense that we need to get on with the job — that it's a job that must be done and that needs to be done. Our children and our grandchildren expect it and want it. Our parents and our grandparents fought for it and strove for it and sacrificed for it. We owe all these generations all this and much more. Thank you very much.

The appreciation of this meeting was expressed by Harold Roberts.

We've been privileged today to hear a spanking new Premier who gives us a vision. He's also an excellent preacher. He told us what he was going to say. He said it. And he told us afterwards what he had said. He reminded us of the need for openness and the complexity of trying to govern a province of this size and a nation of this complexity. He reminded us that we are engaged in a partnership of self-government. He spoke and pleaded for a re-awakening of our national identity and a drawing together of the family of Canada. In our society, prayer seems to be out, but, Mr. Premier, please accept our thanks and our prayers and best wishes as you begin your term.

November 1, 1990

Diane Francis

Author and Journalist

A LOOK AT CANADA INCORPORATED

Chairman: **Harold Roberts**
President

Introduction:

Our guest today spoke to our members previously on October 2, 1986. At that meeting she spoke about the theme of her first book, *Controlling Interest, Who Owns Canada.* Diane Francis' concern at the time was the consolidation of too much power politically and economically into the hands of too few Canadians.

In the interim, since her address to The Empire Club of Canada, our economy has undergone tremendous upheaval. The disintegration of his financial empire and the fall from grace of Robert Campeau underscore some of the truths that Diane forecast. The Canadian Government in its ever vigilant quest for more money has also made adjustments that certainly have increased taxes, but have failed to make many of the creative changes suggested by Diane in her first book. (not to worry, Diane, you are not the only Canadian that our Government refuses to hear.)

In her second book, *Contrepeneurs*, published in 1988, Diane wrote about stock fraud and money laundering and the scandalous way business was conducted in the Vancouver and Alberta stock exchanges. This book did not win her too many 'brownie points' with certain segments of our Canadian business community.

However, Diane calls them as she sees them. And her books, newspaper and magazine columns and radio broadcasts are popular because she is perceived as forthright, honest and fair.

In her most recent book, *Inside Guide To Canada's 50 Best Stocks*, the reader will find a valuable subjective presentation on companies that Diane sees as good opportunities for investment. In her introduction she explains the difficulties involved in narrowing the field to these companies.

During these days of political uncertainty and economic doom and gloom, Diane brings a fresh breeze of optimism and enthusiasm. Each chapter has its caveat but each speaks of opportunity and exudes a confidence in the future.

We welcome Diane Francis and invite her to address us now.

Diane Francis:

I'm going to shamelessly plug my book, *50 Best Stocks*, a little later in the speech. I'm going to work it into my remarks because I am very concerned that the political debate in Canada, at all levels of government by the way, is completely off the mark as it relates to free trade with the United States or just in general.

The debate on free trade is off the mark. And the Senate follies going on over the GST are also completely off the mark. GST is a necessary reform, an absolutely critical tax reform to an exporting nation such as Canada. It flows out of free trade. But the debate should not be whether we should have free trade or whether it's a good idea or not, but how we can adjust to the irreversible and immutable move toward a truly global economy. This is what has happened since 1944 when nations sat down, after having pulled together a united front to fight Hitler and decided "Hey, we can get along, we can cooperate and do some good here," and decided to open up their economies ever so slowly to one another. Thus the liberalization of global trade began.

But all too often here in Canada, our politicians, of both parties I must say, and all levels of politics, indulge in what I call "ostrich economics." This is a tendency by persons with a very low economic I.Q. to stick their heads underground. They just don't realize, nor does the average Canadian, which is why the debate's off the mark, that the world is in a global economic load, to use a computer term. And I think that this is a wonderful, positive, Christian — if I can use that word — trend, and let me explain why. I think that it has contributed in large measure to the collapse of Communism in the Soviet Union and the Eastern Bloc. The global economy was something they could neither live without nor exist inside without changing their systems, so I think it contributed quite a bit toward the demise of that system, which was an awful system. That, plus the fact that the Communist system just doesn't work. As I described to an audience once, it doesn't work for the simple reason that when everybody is paid exactly the same amount of wages, the only way an ambitious person in a Communist system can give themselves a raise, is to not work so hard. So nobody works hard until nobody's working at all, and the thing falls apart. And this was what, of course, was happening in these economies.

The other thing that the liberalization of trade worldwide since '44 has created is a specialization and a rationalization — rationalization being an economic term describing what's happened to manufacturing around the world. We don't have plant closures in Canada because the Americans are being bad to us under free trade. We have plant closures in Canada because the world is rationalizing — the world's manufacturing operations are going toward bigger, more efficient plants, following lower labour rates, wherever that is important. Or maybe it's more important to be closer to the market place. And this specialization, of course, also has resulted in rationalization of the world's resource business.

In agriculture, we find the same kind of specialization and rationalization. Consider that the major economic unit at the turn of the century in North America, and probably the world for that matter, was the 50-100 acre family farm. Well that's not on any longer. So we've made that transition as we've liberalized the agricultural trading patterns allowing trade and export. Refrigeration and distribution have allowed people who grow crops that can be stored to sell them in other countries, not at the market at hand — so that has resulted in rationalization specialization. I think it's a wonderful, wonderful welcome trend. The global economy, or the trend toward that, represents in historical terms in my opinion, the biggest redistribution of wealth in history. What better way to give foreign aid to a Brazilian than to allow him to sell his shoes in our market. It's far better than to hand him out grants or loans, or soft loans, or foreign aid, which all too often ends up in the Swiss bank account of his dictator leader and doesn't get to where it should be. I think liberalization has really been a very welcome way of lifting the dreadful circumstances of a lot of people around the world. It requires sharing, which is why we don't like it. We get protectionists and our unionists all scream for tariff barriers, but I don't think they've thought through the big picture.

Globalization of the economy and liberalization of trade is also going to result in less waste. What I mean by less waste is, when you have specialization and rationalization, you don't have a lot of little inefficient operations, whether they're making shoes or producing gold. So less waste I think, is a very big benefit to the global economy because we can make better use of our human and natural resources and waste fewer of them. The co-operative effort around economic matters, of course, is enshrined in the GATT Treaty, the General Agreement on Trade and Tariffs, which is sort of like a world constitution. It's the world's rules and regulations on who's going to be allowed to sell what to whom, when and how much and where. And I think that what's interesting is, when we see the events in the Middle East right now with Iraq, it's a multi-national effort and it's diplomatic for sure, but it's really an economic situation. It would be an economic catastrophe if Mr. Hussein continued to grab control of most of the world's cheap oil supplies. So we see that one of the results of globalization in the economy is this multinational military effort to try and get Hussein back into his country, to prevent really what would be a collapse. If he did have free rein in the Middle East, we would see oil prices skyrocket even higher than they are and a complete collapse of the world's economy. So there is an economic reason for what's going on there. Militarily you may not agree with what's going on and you may think it's really an American initiative and so on, but I think it is a unique system, post-war, this kind of economic co-operation that, I think, is going to be continuing under this liberalization of trade worldwide. I think that it's most hopeful, inasmuch as it can allow the world to organize itself in economic terms to attack the two real problems on this planet, one is pollution and one is poverty. I know that multinational corporations are in the business of playing one country off against the other and they have to be held in check, but all that being said I welcome the liberalization of trade worldwide.

This all began in 1944. Before that, before the Second World War, we had mercantilism galore throughout the world. We had Britain treating its colonies as economic colonies. Canada was in this boat, which is why we didn't industrialize as quickly as the United States did, I suppose. We were tied trade-wise to Britain. Britain was allowing our raw materials in, but had huge tariff barriers erected against any manufactured goods. This did not help Canada, Australia and the other former colonies, to industrialize and get themselves developed.

More recently, of course, we have a bi-lateral Free Trade Agreement with the United States which I am four square in favour of. I don't think there's any alternative and any politician who says he's going to rip it up or start over again had better very carefully consider that. I think that's a dangerous business. It may not be the best deal in the world but it is not a bad deal. And we can't blame plant closures on free trade with the United States. We can probably blame our own high overheads, our own lack of work or productivity and the general lapse and lag in work ethic.

The multilateral GATT talks, of course, go on and on. The Americans want the agricultural subsidies to be dropped in the interests of freer trade and liberalization and the

Europeans are dragging their feet. Why they're dragging their feet I don't know, except that I guess one only has to go to Europe and travel there to see the subsidies to their farmers which must be the reason. I remember being in a train in Switzerland and going through the mountains and seeing all these little towns named after cheeses and seeing the farmer who lives above the barn and saying to a Swiss companion, "Is that a farm?" "Oh, yes." "So how many cattle do they usually have in their herd — five, six hundred?" He said,"No, 30, 40." These people are very heavily subsidized by the Swiss government to produce cheese that the world couldn't afford to buy without subsidies. Our farmers can't afford to live off 50 acres with 40 cows. So you can see that it's a social policy and it's a very important political policy in many countries around the world, including Canada.

Now the United States is being very consistent, and I think very correct, on the question of agricultural subsidies. The Americans who are in favour of free trade philosophically are saying that, if you want to sell your stereo sets and your nice Toyota cars in our country, let us do what we do better than anybody else, and that, generally speaking, is agricultural. The Americans are probably one of the most efficient farming sectors in the world, and they could be the breadbasket. When you consider vast regions, much larger than many countries they're trading with, that are fertile and can have three crops a year for climatic reasons, you can see that the Americans who are mechanized and well-financed could really dominate the exporting agricultural business, the agra business, and they intend to get some concessions out of the Europeans. They are actually threatening to pull out of GATT, which would be a disaster for all of us, particularly a little place like Canada, where we could get whipped badly. I don't think that will happen. I think some compromise will be made by the Germans and the French in particular, who are being the difficult ones. Margaret Thatcher is trying to get them to lower their subsidies. Canada of course, is caught in the crossfire of this. We have a farm lobby that's equally divided.

You have the Western free trade farmer, and you have the Eastern Marketing Board protectionist farmer, so we don't have a clear-cut policy. We have a problem even within the lobby, so the voice is not clear politically in Canada. Again, I am in favour of rationalization and letting the most efficient producer of whatever it is do the production and the other people get into another line of work. So I'm not that sympathetic with the dairy farmers who are taking their case to the public.

Significantly the Soviets have said they want to join the GATT process and the Eastern Bloc countries are going to do the same because it is the right thing to do. Canada, of course, is very much involved in the global economy, probably because we're a commodity-based economy. We have always been in resources and agriculture. One in three jobs in this country is dependent upon export. The auto pact which turned into a multi-sectoral auto pact, which is the Free Trade Agreement with the United States, has worked very well I think for both countries and is a very good idea. Of course Canada owes $260 billion (individuals, corporations and governments) to foreigners, and we have gone out and borrowed this money from the rest of the world. We have to pay the going rate which is why we cannot have a "Made In Canada" interest rate policy. It's a problem. It, of course, exposes our currency to fluctuations up and down. I think it should make the politicians realize that we have a lot of folks holding the second mortgage, so to speak, on this place, who don't live here and are looking at the shenanigans, whether it's the Senate and the GST or the Oka situation. They're looking at it from the point of view of a lender and saying, "This is Canada Incorporated. I'm taking their pieces of paper, their IOU's. They owe me money. I've agreed to wait for it. Do they really know what they're doing?" That's one of the concerns that I want to talk about a little later — how we have to get the political debate changed in this country so that our politicians can't go around making reckless statements that send shivers through capital markets around the world. We can say to ourselves, "I don't care what the financier in New York says and thinks," but we have to, because we owe the world $260 billion.

Oka is a very complicated issue. But I don't think there was anything in the opposition comments or criticisms about how that looked to the rest of the world. It looked like we had no leadership. It looked like things were out of control. I thought it was very poorly handled in my opinion.

The GST follies, the antics in the Senate are a joke. Forty-eight countries in the world have a GST type tax. It is the fastest growing type of tax for an export nation in the world. You can't join the European economic community without having a GST value-added type tax. Canada already has too high income taxes and corporate and personal taxes in relation to our competing trading partners. Canada has horrible deficits. Other countries are saying, "You mean they may not be able to get this tax through? What is wrong with these Canadians?" It doesn't look good. I'm not saying we do things just for appearances, but is anybody in that liberal caucus thinking twice about how this is appearing to people and what upward pressure on our interest rates and downward pressure on our currency this causes?

Meech Lake. Another problem. Did Clyde Wells really realize that he was going to raise the spectrum worldwide? It got headlines all around the world. It was a non-event to many Canadians, but I have relatives living all over the United States and the headline was *Quebec May Leave Now*. It raises the risk that Quebec will go. And the question there in the minds of the folks who hold the IOUs for $260 billion is, "Who's going to pay that third of it, if they go? How is the debt going to be worked out? Can the country exist without a Quebec?"

In the NDP election you have 38 percent of the population, or the voters, voting in favour of Bob Rae. I have a lot of time for Bob Rae. I think he will not disappoint us. On the other hand, there were people who voted for Bob Rae, who were not socialists, and they just threw away their vote in protest.

That is to me a very reckless form of democracy, and it didn't look very good. Of course, the capital markets reacted. I interviewed Morty Shulman about a week after the NDP got elected and he, of course, had sat in the legislature as an NDP member briefly, after he was Coroner in Toronto. I think it was a kind of a party of convenience for him. He didn't get in Cabinet. He wasn't promised a Cabinet seat with the Tories so he ran NDP, and acted like an independent, and I think made the caucus a little angry at times, but anyway, I said to him, "What do you make of the NDP elections?" He said, "It's great. I'm the only businessman in Ontario who thought it was a super thing." I said, "Well that's because you were NDP." "No," he said, "in fact, the day before the election I called all my staff in and I said, "vote your own conscience in this provincial election and I'll give everybody a $500.00 bonus if there's an NDP majority." So they came in the next morning and he handed out the cheques for $500.00 each and one of the employees said, "Why did you give us a cheque for $500.00 each for an NDP majority?" He said, "Because I shorted the Canadian dollar on the overnight capital market so we made $100,000 last night."

What should Canada do in my humble opinion? I think that the model is probably Germany. Germany has a fabulous economy, with all the social safety net that Canada has. It has fewer natural resources than Canada does, which I think we should be exploiting as a cornerstone of industrial strategy. Let's just call it Canada Incorporated and make it a metaphor for a corporation. I'm going to borrow a lot from the German experience because I think they really have organized their economy brilliantly. The Board of Directors, of course, is the Cabinet. Chairman of the Board is Brian Mulroney. The divisions of the company are the provinces, the municipalities and the School Boards. This corporation that we populate is commodity-based so therefore, to use an economic term, Canada is a price-taker not a price-maker country. We must always remember that and unfortunately our politicians haven't. And I refer again to the biblical 'seven years of good for seven years of bad.' In the seven years of boom times this country has posted more and more deficits at all levels of government than ever before. That's when we should have been reducing deficits and paying down the debts for the bad times. Now when we need to run deficits to help and try and kick-start things, do some capital projects that may be not economic but will help us get through recession more easily, the cupboard is bare. So our strategists and our political policy makers didn't realize that Canada Incorporated is just like Alcan and Noranda.

Now what does Alcan and Noranda or Canada Incorporated do in a recession like this? We should cut overheads. I've written about it and Preston Manning, who spoke to you a few weeks ago, says it too. I think that we have to very seriously cut government spending. I think business grants, all levels and baby bonus should go completely. I think that one in ten civil servants would be a nice start, would be a signal. We've really got to get that deficit down dramatically because we could be coming to a point of no return on the deficit problem.

I think another really important reform is for Canada Incorporated, like Noranda and Alcan, to get a handle on the spending of its divisions. The provinces are running huge deficits. David Peterson increased spending ten and a half percent year after year. Tax hikes followed and probably threw him out of office. School Boards are out of control. I live in Mississauga. Our property taxes went up 17 percent last year. That's three times the inflation rate. People on fixed incomes find that hard to handle. I probed it and I found out that if the School Board in Peel hadn't debentured $30 million worth of their expenditures, our taxes would have gone up by 25 percent. So I called the Chairman and I said, "Well what's the enrollment?" "Oh we're a very fast growing School Board. We're one of the fastest growing School Boards." I said, "Well how much did the enrollment go up by?" "Three percent, elementary and it went down in secondary." And they're spending 25 percent or more? "Well," I said, "how could you possibly justify that?" She said, " Well, downloading." This is when the province makes rules and regulations for School Boards to abide by but doesn't follow it with the money to pay for it. And I said, "Well, who do you think my neighbour, who's a senior citizen on a fixed income, can download her tax bill to? And what about the exporter? What about my friend who was just thrown out of work? What about my buddy who has early retirement from Imperial Oil because they have to cut back? Who do they download to?"

There just seems to be no bottom-line mentality on the part of these people and no controls over them from above and the result is very profound. Ottawa, who's in charge of economic management takes the can back for the deficit and the inflation problem and is the one with the levers to try and do something about it and yet really it is not their fault. A great part of it is not their fault. So I think we have to do something in this country to restructure and I think a new Meech is in order.

Now the Germans have an interesting idea. Their lenders, which are their provinces, are not allowed to increase their budgets by more than the amount by which their regional gross national product grew and if their gross national product shrank and they still need to increase their budget for some reason, they have to get permission. This is in the Constitution. So the Federal Government really has control over managing the economy. Here they do, but they're actually attacking the branches very often and not the root of the problem. They have to clean up their act too. I'm not an apologist for Brian Mulroney and his government. I see this as an all-party problem.

Another problem is that we don't have coordination within the government, within the divisions. You have divisions fighting for the same markets. For instance, the head of the CD Howe Institute wrote an absolutely brilliant report for the Federal Government on energy rationalization. Canada is blessed with some of the best energy resources in the world, but not a lot of people realize that the best hydro-electric resource in the world is in Labrador. Newfoundland, who is tied in with a long-term contract for cheap hydro below cost with Quebec, is prohibited from raising the money to exploit it and, furthermore, probably wouldn't be given the permission by the other Maritime provinces to put their transmission wires through. So you have all these provinces working at odds with one other. It's a sort of beggar thy neighbour country and I think that something has to be done structurally to correct the flaws so that the divisions are forced to co-operate and not undercut and undermine one another. When I found out about that Labrador thing, I was very annoyed on behalf of the poor Newfoundlander. Now, what do we have? We have the second phase of James Bay which is going to be a holy battle in court and a questionable expenditure of $54 billion adding to the mortgage that we already have. It will all be financed in New York and in Europe at a charge against the Canadian currency and our interest rates.

Another thing that Canada Incorporated should do is that we should pay more attention to our tax system and our capital markets and this is where I'm going to shamelessly plug my book. One of the constant themes that I've always had in my career, as I'm an unabashed capitalist, is with my first book. I found the anti-competitive nature and the concentration of economic power a problem for a healthy capitalist system — minority shareholders not being treated properly and so on. I also found in my second book that the nonsense that goes on in the Western Markets gives capitalism a bad name. So the result is that capital formation is very poor in Canada and this third book is an attempt to say, "Hey, we've got some pretty good companies here. They do good things, let's bet on them."

Now, my timing is all wrong. There's no question about it. While I think that a recession is a good time to invest in good solid companies, Mr. Hussein's situation makes the markets very skittish. So I would stay on the sidelines for a while. But all that being said, the important thing is to create wealth and to back good horses and jockeys, and, unlike a horse race, the capitalist system is wonderful because the more people that bet on a horse the faster it runs, creates more jobs, does more research and does more exporting. That's the beauty of the capitalist system. So my *50 Best Stocks* is, hopefully, a bid to get people to realize we should be investing in our country.

But, getting back to the tax system, you know Canada has a lot of real fundamental flaws. Take a company, a great wealth-creator that I have in my book like Dofasco. This is probably the world's most efficient steel company. It's a wonderful corporate culture, every worker is quite happy. They create good products. They were the only steel company to make money through the last recession. Dofasco has a fraction of the market value of First Canadian Place. Now there's nothing wrong with First Canadian Place, the building, being valuable, but it's out of sync. I think also there's something wrong with a city or a country where a parking spot in downtown Toronto earns twice the minimum wage on an hourly basis that a worker earns. There's something wrong with a country that is out of sync like that. These are tax driven which I think is very unfair.

Lastly I think what we can do is improve our education system. This is something the Germans have done. I'm not saying spend more money. I'm saying spend it wisely. One of the things I think we should consider doing is avoiding duplication. I think that Catholic education is a waste of money. It is a duplication completely. There is a lot of that effort and money that could be spent in beefing up one publicly supported, tax supported, school system. We all know the stories of Catholic schools with portables bursting at the seams and public schools kept open with only a hundred kids in them. It really bothered me when I had to say goodbye to my little five-year-olds and send them to one school, and their next door neighbour, their best friends, went to another school. We divide our society like that along religious grounds. It doesn't make sense to me. I'm not trying to be anti-Catholic or anything like that. The cupboard is bare. Let's cut costs, but not fritter away the money. Let's spend it more wisely. We're going to have more and more workers thrown out of work. We need upgrading and re-training. I think that whatever money we have in the education system should be spent helping those folks adjust to learning how to do something else for a living.

The Germans are also very good at something which is a constant debate here. What the Germans did post-war was they realized that the paradox of becoming a great exporting nation is you have to open your markets to other exporters. It's a tit-for-tat world. The price you pay if you don't do that is retaliation, and we have a number of examples of that. We end up shooting ourselves in the foot with protectionism. All that being said, it's difficult, but competition does breed greatness and the German economic miracle has a lot to do with the fact that they have a completely open economy for consumer goods and services, even in foreign ownership. The only foreign ownership restriction in Germany is insurance companies. They have to be German-owned and I'm told that by '92 that will also go by the bye. Canada, I think, has to keep that in mind.

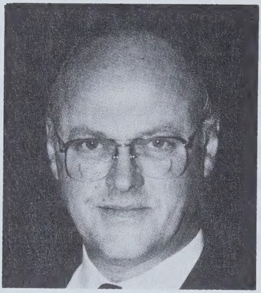
Immigration reform is very important. It is not popular in a recession, but I'm afraid that Barbara McDougall is right. We have to ratchet up immigration for economic policy reasons. You consider the demographics of Canada. We have roughly five and a half workers for every pensioner now. By the year 2010, it's going to be three to one, and that means fewer workers to shoulder a bigger medical and pension entitlement to greater numbers of senior citizens. So we have to talk about getting more young people into this country. I think that the Eastern Bloc events will result in a large wave of immigration into North America. It's going to be difficult for these countries to make the transition and the refugee problem is increasing. I think in order to avert a counter-revolution in some of these former Communist countries, the West is going to have to help them export their unemployment problem. I welcome that because I think immigrants provide a great deal of help to an economy. One estimate is if we didn't increase our immigration beyond current levels, which on a net basis is 60,000 a year, we would be only 18 million Canadians by the year 2030. We're just not having children and we're aging rapidly.

One other thing that I want to say about the German experiences, they have sectoral bargaining with labour unions and I think that's an excellent reform. This prevents the kind of wood-sawing that unions love to do here and are very good at. They, for instance, will pick on Ford, which is the most prosperous car company. They get huge generous concessions and then beat GM who's losing money and Chrysler also over the head with those concessions.

In Germany, with the exception of Volkswagen, who can bargain with their employees directly, there is sectoral bargaining. So everybody who works for a financial institution, whether it's a bank, insurance company or brokerage firm, has the same union. The union puts together a blue ribbon committee. They sit down with a blue ribbon committee from the other side representing all the banks, all the insurance companies. So no one has a competitive advantage over another and I think that that's a very reasonable way to do it. It's the wood-sawing and the jealously that causes inflation. So sectoral bargaining is very interesting and the debate in sectoral bargaining is very very sophisticated in Germany. Very often the workers will take a very small increase because they want to do a form of job-sharing. And the worker in Germany is not exploited in any way. They get six weeks holiday and they have medical care and all of the goodies and bells and whistles that we have come to love.

I've gone through a lot of my ideas of what Canada should do. In conclusion, I want to say that we cannot stop the tides of free trade or reject reforms like the GST, which come with exporting. Ostrich economics will bury Canada if voters opt for politicians who would rip up the free trade deal despite the reality. There is no turning back. The world hurtles toward one economy whether we like it or not. Far from unwelcome, the process which began in '44 of trade, tradeoffs and sharing the wealth offers the only hope for a planet beset by poverty and pollution. Free trade is not the issue. Free trade simply exists.

The appreciation of the meeting was expressed by Peter Hunter, Vice President, Corporate Affairs, City Bank Canada and a Director of The Empire Club Foundation.



November 8, 1990

R. Donald Fullerton

Chairman and Chief Executive Officer,
Canadian Imperial Bank of Commerce

GLOBALIZATION AND CORPORATE GOVERNANCE: NE'ER THE TWAIN SHALL MEET?

Chairman: **Harold Roberts**
President

Introduction:

Charles Flint, a daring speculator, operated in Wall Street at the turn of the century. Once he found himself in serious financial straits, and knowing J.P. Morgan, the elder, slightly, he approached him for a loan.

Mr. Morgan consented to take a stroll with him to the Battery. He talked polite nothings, however, the entire time. Finally, after about an hour, Flint blurted, "But, Mr. Morgan, how about that million dollars I want to borrow?" Morgan held out his hand to say goodbye and answered, "Oh you won't have any trouble getting it now that we have been seen together."

Images are important! But, by far, values reflect the depth of an organization.

When one thinks of the Canadian Imperial Bank of Commerce, there is an image of power, strength and stability. The second largest chartered bank in Canada and the fifth largest bank in North

America in terms of assets, fourth in terms of deposits, 1,561 branches in Canada and 86 Corporate Banking Centres around the world.

The bank has been in operation since 1961, but its roots go back to the Canadian Bank of Commerce, incorporated as the Bank of Canada in 1858 and the Imperial Bank of Canada, incorporated in 1875.

Image is important.

But the 1989 Annual Report of the Bank reflected a sense of values, and I quote:

"Quality of service will be the big factor in determining financial industry leadership in the 1990s."

"C.I.B.C. employees are going beyond the procedures manuals and exercising Initiatives in dealing with their customers."

"C.I.B.C.'s commitment forged over a century ago, to the highest standards of Integrity and ethical principles remains in force today."

"Delivering service that meets customer expectations and falls within budget — calls for Creativity in large measure."

"Service quality programs, initiatives, ideas and solutions are all for nothing unless a fundamental Respect for people underlies every activity."

Initiative, Integrity, Creativity, Respect. These are value words that reflect great depth.

At the helm of this great financial institution is R. Donald Fullerton. As Chairman and Chief Executive Officer of the C.I.B.C. Group of Companies he has given the bank a lasting legacy; an entirely different approach to performance that is profit oriented, but people centred. He has encouraged the growth and development of management talent that recognizes that banking is people business. The Bank of Commerce is a leader in the field of philanthropy. They are generous corporate citizens.

Born in 1931 in Vancouver B.C., Mr. Fullerton graduated from the University of Toronto with a B.A. in 1953. He joined the bank later that year and served in a variety of positions ultimately becoming C.E.O. in 1984 and Chairman in 1985.

He enjoys golfing and skiing but his true recreation must be family life; he has six children.

We welcome Mr. Fullerton to The Empire Club of Canada, as he addresses us on Globalization and Corporate Governance: Ne'er the twain shall meet?

Donald Fullerton:

I'm particularly delighted to be here at The Empire Club today to talk about a subject sorely neglected in recent years.That subject is corporate governance, the development of — and adherence to — a set of principles that direct **and limit** the actions of a corporation and its officers. You could call it the act of institutionalizing ethical business behaviour in the corporate setting.

Over the past decade, the airwaves and pages of the business and financial media have been filled with tales of the excesses of corporations that have ignored the need for corporate governance in their quest for global recognition. Their failures have also been recorded.

As well, the decade that gave rise to these developments played host to a now memorable epoch in the world of business. The 1980s will be remembered as the years in which the international economy really came of age. Advances in information technology, deregulation of financial services and the erosion of trade barriers combined to make the global marketplace **the only** marketplace for many businesses serious about staying competitive.

Success in the "transnational economy" of the 1980s, to use Peter Drucker's phrase, meant penetrating the broad spectrum of global but local markets. It also meant managing international money, credit and investment flows between the financial centres of North America, Europe and Asia.

In other words, the environment called for a new business approach that was appropriate for the times. The global imperative of the day demanded that companies think globally about their business plans, strategies and decisions if they wanted to stay ahead of their competitors. In the face of this challenge, a new business mentality with one single-minded objective came to the fore: success on a global scale, no matter what the cost.

In the no-holds barred, all-or-nothing arena that emerged, there were a number of notable success stories for businesses operating on an international scale. Companies like Northern Telecom in Canada, Proctor and Gamble in the U.S. and a number of corporations in Japan have demonstrated their ability to more than meet the demands of global competition. On the other hand there have also been some spectacular failures. "The secret of life," Groucho Marx once quipped, "is honesty and fair dealing. If you can fake that, you've got it made." As we look back over the past decade, we can see that many short-lived global corporations took this light-hearted advice seriously.

Looking back over the last ten years, we can only wonder how so many corporations went so wrong in their effort to be competitive in the global environment. Now, as business plots its future course, it is clearly evident that corporate governance has come out of the shadows and regained its prominence as a key ingredient to long-term business success. And that if corporations intend to survive in the international marketplace, they will need to abide by its principles.

In my view, the re-emergence of corporate governance as a determining factor of success or failure in today's global business arena is no accident. The mood of business in the '90s is more cautious and measured than it was in the last decade. In this environment, international corporations have had to become more selective in the kinds of business they choose to do in different countries. They have also had to be more sensitive to the prevailing values of countries where they operate. Each country has its own set of laws, conventions and business practices. Consequently, principles of corporate governance must of necessity take full account of these factors.

It's a sobering thought that the laws and values of different countries within the European Community, for example, not only differ from those of the United States and Japan, but are also quite different from each other. On a global scale, even the simplest of corporate governance principles — the legal responsibilities of directors, for example — takes on quite a perplexing dimension when considered in this light.

For those corporations operating globally, the issue is whether strict adherence to a single set of principles of corporate governance is an impediment to success in the marketplace. Can companies doing business in a number of local markets around the world realistically follow one standard, universal set of rules? Or, when in Rome, should these businesses just do as the Romans?

In my judgment, the answer to these questions is unequivocal and clear. The variation of laws, conventions and business practices between countries poses no dilemma for corporations with well-defined principles of business conduct. Quite the contrary. These companies are usually successful internationally precisely because they consistently maintain the same standards of corporate conduct wherever they do business. Only the strongest commitment to — and enforcement of — a single, universal set of principles through a strong corporate board and an effective senior management team will create the right setting for leadership and success in today's global marketplace.

As a result of globalization, business has been living through a period of massive transformation and upheaval in financial markets. In this climate, many corporations have recklessly attempted to move into the limelight on the global scene with little more behind them than audacity, a lot of imagination, and some creative financing. Nowhere are the effects of this process more evident than in the financial sector. In Canada, as in other countries, the 1980s catapulted the Canadian banks from the comforts of their own familiar domestic and international turf into a new world of intensified and increasingly creative competition.

Unfortunately, the integration of the world's financial markets and the rapid development of innovative financial products not only changed the industry, they also unwittingly gave ambitious companies the opportunity to be reckless. The proliferation of leveraged buyouts and highly leveraged transactions that emerged towards the end of the '80s was a direct result of this new found creativity. A host of new financial products gave companies the opportunity to borrow vast sums of money with only a promise to pay it all back later.

The creativity was not simply confined to LBOs and HLTs. With such a wide array of seductive financial vehicles at their disposal, chief financial officers were no longer obliged to go to financial institutions to meet their needs. They found it was relatively easy — and cheaper —to side-step intermediaries and go directly to the suppliers of funds.

As a consequence, financial institutions were no longer called upon for their traditional lending services. Instead, they turned their attention to fee-based advisory services, such as merchant banking, asset securitization and private placements, to keep their profit margins buoyant. This allowed them to temporarily finance some of the ill-conceived business objectives of their clients. But regrettably, as the markets deteriorated, these temporary financing activities frequently became permanent. All too often, playing by the established rules was no longer as important as going after the quick hit that promised huge profits at relatively little risk. In the corporate boardrooms of the day, the issue of corporate governance had virtually lost its seat at the bargaining table.

Probably more than any other, the event which best captured the spirit and the essence of the decade was the meteoric rise and fall of the investment house, Drexel, Burnham, Lambert and its junk bond guru, Michael Milken. The predominance of Drexel and Milken, and the almost insatiable prevailing appetite for takeovers stemmed from one simple economic idea: junk bonds. These high-yield investments reflected the greater risk inherent in highly leveraged transactions. And they proved, in the short term, to have great investment potential.

Junk bonds, Milken reasoned, also had another function. They could be used to finance lower quality borrowers —

aggressive companies which could not easily get credit from more conventional sources.

As the corporate establishment was not long in finding out, he applied these two strands of logic to dramatic — and highly lucrative — effect. By the mid 1980s Drexel had assumed the role of kingmaker in a corporate kingdom desperate for success and quick results. Milken's now legendary ability to raise capital from his junk bond buyer network was as good as money in the bank.

Along with other traditional values, prudence, long-term commitment and the interests of shareholders were firmly on the back burner, and the era of mega-takeover deals was in full swing. At its height, the investment banking frenzy found it's most sublime expression in the now infamous battle for control of RJR Nabisco. Playing for such high stakes, Wall Street went to war, with almost every mergers and acquisitions team in the business shamelessly fighting for a piece of the action — and a chunk of the immense financing and advisory fees that would go to the winner. If there was anything positive to come out of all this, it was the publication of two best sellers: the very readable *Barbarians at the Gate*, and the slightly more disturbing *Predators' Ball*.

Inevitably, the 1980s came to an end. And, as we now know, those companies with foundations built on junk were soon to follow — buried underneath the weight of mounting interest payments that they could not meet. As the decade drew to a close, companies that had bought into the dream were jolted out of their fantasies into bankruptcy.

One of the most regrettable aspects of these business failures was the number of supposedly shrewd lenders who abandoned the cardinal rules of prudential risk management in their zeal to capture the lion's share of the fee-income market. These failures point to a key challenge for companies intent on carving out a significant presence in today's global markets. And that is the need to be recognized internationally as organizations built on sound and enduring principles and run by responsible managers.

We need to revisit our basic priorities and re-emphasize those qualities that reward honest, responsible management and sound, long-term thinking. In my view, **that** is what good corporate governance is all about.

Corporate governance is not confined solely to a single-minded maximizing of the bottom line or to generating a return on shareholders' investment. If it were, dumping toxic wastes into our rivers and streams and polluting the air we breathe would be perfectly acceptable. And we wouldn't have to contend with the extra costs associated with containing pollution and conserving resources.

In today's corporation, the CEO is like a juggler with many balls in the air at once. These balls have labels like shareholders, employees, customers, environment, community and country – to name some of the more important ones. If the juggler/CEO and the board are sincerely interested in the long term viability of the enterprise, the juggler must keep all the right balls in the air. And the board must make sure the CEO and the management team keep them there. In other words, it's a question of balance: the need to balance the corporation's social responsibilities with the expectations of shareholders; the balance between protecting the environment and treating employees fairly; and the balance between a constructive contribution to the public policy process and the financial well-being of the organization.

All of this doesn't really fit in with the credo of the corporate raider. In the name of maximizing shareholder value, raiders purchase and systematically dismantle companies to repay the massive debt incurred to buy them in the first place. In this scenario, all the balls — customers, employees, environment, community and country — come crashing down, taking the corporation with them.

But, if the company is to survive and prosper in the long term, the juggler/CEO, with the support of the corporate board, has a much more demanding task. He must ensure that no one constituency gets more than its fair share of attention in the policy making process and that all are given the proper emphasis in the company's strategic and operational plans. This very deliberate and delicate balancing act is corporate governance at its best. There is simply no substitute for it, including legislation, moral suasion or any other form of pressure applied from the outside.

The recently-released proposals for financial institutions legislation reform in Canada, which call for one third of the directors on the boards of banks and other financial institutions to be non-affiliated, is an attempt to guard against self-dealing through externally imposed — and ultimately futile — means. In my view, the real issue is whether there is a corporate governance culture at work within the institution. If these principles are in place, legislation won't be necessary. If they aren't, the only way to introduce them is from within: by establishing criteria for measuring board performance and developing an effective working relationship between the board and management.

In practice, this would mean a change of emphasis for the auditors. And regulators would need to turn their attention to drawing up governance procedures for directors and managers. This applies not only to financial institutions, but to all organizations. If we are truly sincere in our commitment to good corporate governance, we must disabuse ourselves of the notion that our problems can be legislated away. It's the integrity and competence of directors and management that count. These are the real drivers of good corporate governance, not new laws.

The unfortunate fact is that the dishonest and the unethical among us have always successfully managed to side-step laws, rules and regulations. You only have to look at the savings and loan crisis south of the border for evidence of that. And while legislation does have an important place in business, resorting to it for reasons of corporate governance is really an admission of defeat.

At the beginning of my speech, I jokingly quoted Marx — that's Groucho not Karl! — on the merits of faking honesty and fair dealing. There is, of course, a very serious message behind Groucho's quip. And that is honesty and fairness can't be faked or artificially imposed. In the final analysis either you have it or you don't.

At the board level, I believe that **all** directors — both insiders and outsiders — must be constantly willing to challenge management, to question their actions and to hold them accountable. A good director is one who not only brings the full extent of his or her knowledge to bear on boardroom discussion but one who also questions the actions of management.

For its part, management is responsible for running the affairs of the corporation in a manner that will ensure compliance with the law, secure its long-term financial viability and protect the interests of all its constituents. It is equally important that an organization's cultural values are not only understood and embraced by employees so that they are second nature, but that they serve as a guide for action. Corporations with this kind of culture stand out conspicuously in the corporate landscape because their approach, and their commitment to strong corporate values, is so distinctive and recognizable.

In the global arena of the 1990s, corporate governance is making a strong and spirited comeback. But can globalization and corporate governance have the same priority in today's corporation? In my judgment, they must. Because only those corporations with the commitment, determination and will to give them both the same emphasis can expect to be among the international business leaders of the future.

Thank you.

The appreciation of the meeting was expressed by Harry Seymour, Managing Partner, Waterston Group of Companies and a Past President, The Empire Club of Canada.

November 15, 1990

Maude Barlow

Author and National Chairperson of
the Council of Canadians

CANADIAN SOVEREIGNTY IN A GLOBAL ECONOMY: CAN THE NATIONAL DREAM SURVIVE?

Chairman: **Harold Roberts**
President

Introduction:

In a recent article on the editorial page of the *Globe & Mail*, Mr. Lawrence Martin, a former Washington correspondent, and author of *The Presidents and The Prime Ministers* wrote: "There may well be virtue in these policies (dismantling the National Energy Programme, dismantling the Investment Review Board, Free Trade, joining the Organization of American States, etc.) but Mr. Mulroney should be aware of a lesson in Canadian history. It is that, through the history of the presidents and the prime ministers, no prime minister ever gained the respect of Canadians with an "aye, aye, Uncle Sam" approach."

Mr Martin is not alone in his feelings and observations. As we come to the second anniversary of the Free Trade Agreement, Maude Barlow has written a book *Parcel of Rogues — How Free Trade is Failing Canada.*

Maude Barlow is National Chairperson of the Council of Canadians, a 20,000 member organization committed to the preservation and enhancement of Canadian sovereignty. She speaks and writes as one who has been on the inside. Mrs. Barlow has been involved in women's issues since the mid '70s and has worked both inside and outside the government to promote equal opportunity. Among the many appointments in her varied career, she has been Senior Advisor, Women's Issues, to Prime Minister Pierre Trudeau, and Social Justice Advisor to the Federal Liberal Party.

In September's *Homemaker's Magazine* Maude is quoted as saying, "Women's groups have to join other groups. I'm a very strong supporter of coalition politics. We need to get political — propose, oppose, take a stand and advocate for what we believe in." *Parcel of Rogues* is such a stand.

As a woman, a wife, and mother of two, Maude has a strong passion for that which is "uniquely Canadian." We welcome her today to address us on "Canadian Sovereignty in a Global Economy: Can the National Dream Survive?"

Maude Barlow:

Thank you very much. I am absolutely delighted to be here. I've been on a book tour and I was warned about these book tours. My favourite interview was in a Country and Western station in Regina. The man brought me into the studio and turned on the tape and looked at me through very tired eyes. He had several days growth of beard and he blew smoke in my face and said,"Who are you? And what book did you write?" That was the beginning of the interview. I was going to say,"I'm Christina McCall, and I just wrote a wonderful book on Trudeau," and I thought I'd better not. I could have gotten away with it though.

But this trip across the country has been quite interesting, because I've been doing a lot of direct phone call interviews and hearing from Canadians. I was reminded once again of something that a prairie politician said during the 1930s. He was talking about politics in Canada by region. It was written a long time ago and I think it's still quite apropos. He said,"In Atlantic Canada, politics is a way of life. In Quebec, it's a religion. In Ontario, it's a business. On the Prairies, it's a cause, and in British Columbia, it's entertainment." Now how did he know that, how could he look fifty years ahead?

I want to talk about what we've done over the last two years and my concern with it and my concern from the point of view of the sovereignty of this country, which is a very esoteric kind of concept and hard to get a grasp on. People say,"What do you mean by that?" I want to start off by reminding us how we built this country and why we built it the way we did. I feel that the history of this young, and I think very fragile, country is one that defies the logic of the unfettered free marketplace. Canada in many ways is a dream and in many ways is a testament to the courage and the will of a people to survive as a sovereign nation when, economically, it probably would have made more sense for us to establish north and south ties.

Because of our harsh geography and our sparse population, we needed to create national institutions that linked us together, east, west and north, and therefore Canada and the United States developed very different economic systems. Our distinct economy not only has served to foster a different way of life in Canada, but has prevented us from being absorbed into the United States — the mix of public and private enterprises that we've established in this country in areas where business alone would not have been able to profitably enter and deliver those kinds of services. Because these enterprises were Canadian-owned, they conducted their own research and development in Canada, therefore they became innovators in many areas from large dam construction to the first diesel locomotives and the first rural telephone system which we've exported all over the world. To have permitted the unfettered marketplace to dictate all economic decisions would have doomed the young country. It was simply too expensive to run railways to the north, or to provide basic services to Atlantic Canada unless these services were underwritten by government. The very existence of Canada depended upon our early understanding of the need for sharing, on our understanding of the need for community-based entrepreneurial action and the distribution of wealth and opportunities.

Many Canadian Crown corporations were conceived not only to serve a Canadian perspective but to retain the control of decision-making in this country. CBC, for instance, was established to prevent network radio in Canada from falling into the hands of U.S. companies. The father of the CBC, Graham Spry, used to say "The State or the United States." He fought hard so that we would have our own world view through our own broadcasting system. So we built an airline and a railway and a pipeline and a broadcasting system and they linked us from Newfoundland outports to prairie farmhouses right up to the cold reaches of the Canadian north. And we built a complex network of social programs that provide security of services for families, for seniors, for families with young children, for the unemployed and for all of us when we need health care. And these programs are founded on the belief that services should be equitable throughout the country and the people have a right to grow up, raise their own family and work in the place of their birth. This has been a fundamental Canadian value.

Now please don't misunderstand me. I am not defending the pre-1984 status quo. I am not saying that we did not make some bad economic decisions. I think there were many decisions made by a cabinet minister, without long-term economic thinking behind it. Nor am I saying the public spending did not get out of control in the Trudeau years, fuelling a deficit we should not have built up in good times. Nor am I saying that it wasn't under the Liberals that so much foreign investment built up. It was under that government that, in fact, it reached record highs during the 1970s. In fact, my argument is exactly the opposite. I argue that we have never tried the economic security of such diverse countries as Sweden, West Germany and Japan, and that is that we've never built a real economic and industrial strategy whereby government and business together try to identify what our needs are and what our strengths are and then build towards our strengths to service our needs. We have never done that in this country. In my view, it is precisely this lack of economic planning and preparation that has created such a negative economic outlook in Canada and kept us, in spite of all our talk about how we know this is not good for us, as hewers of wood and destroyers of water.

However, confronted with the need to right these economic wrongs and given the enthusiastic mandate to do so, I believe that Brian Mulroney launched us on a road that, in my view, is leading to the economic and social disintegration of this country. This government has massively sold off our public enterprises, paid for by us through our taxes many times over and has deregulated huge sectors of the economy, removing public control over energy resources, our telecommunication systems and our transportation networks. Everything in Canada is for sale; parks, forests, our public services, everything. In fact, I feel the government philosophy is fairly simple and it is not a traditional conservative philosophy and that is; if it makes a profit — sell it; if it doesn't — starve it; if it talks back — cut it. But most dangerously this government entered into a lopsided far-reaching Free Trade Agreement with a superpower whose stated goal was to remove impediments at the border, in the factories, in the boardrooms and in Canadian public policy decisions to the free-entry of American business into Canada. Business in the United States does not view Canada as a separate and sovereign nation, but simply as another state, another market, much the size of California. In fact, that's kind of its equivalent.

We based our agreement on the European model, and I think we have to remember that the European model started off as a way for countries to stop the historical fighting in Europe, and later developed on a more economic line. The European model has built in a very strong social charter and environmental rights and they've put aside a huge amount of money to help workers displaced by free trade in any one country. There has been this kind of adjustment program. Unlike the European model, we entered into a deal with no protection for these very institutions or economic policies or social standards that I think have protected us as a country, as the sovereign state that we call Canada. I'm just going to quickly name five areas in which I think we are losing sovereign control and in which I feel we have to start thinking about what is happening and what to do to stop it.

The first is the death of our manufacturing sector. Now, I know you're going to say to me it is not free trade alone and I am going to agree with you. It's many things. But it's my long-term belief that the high dollar was connected to the Free Trade Agreement. In 1986, a Senator went before the Brookings Institute and he said, "Let me make it clear to the Canadians. If there is no high dollar, that dollar is not brought up, there will be no Free Trade Agreement." They had to go hand-in-hand because part of what free trade was about was harmonizing our economic system to the U.S. and our low dollar was hurting American exporters. We estimate that we can link 160,000 lost manufacturing jobs to some extent to the Free Trade Agreement, either because those are areas in which the market's becoming flooded and those companies cannot survive as the tariffs came down, or they are Canadian branch plants of American multi-nationals that have said, "Now that the tariffs are down, we're going to pull back our manufacturing into our base." We're looking at auto parts, furniture, appliances, trucking, textiles, food manufacturing and processing. I believe these industries are going to be wiped out. They will all but disappear.

I'm also very concerned about our high-technology sector in the secondary firms that are either being taken over and then shut down or the research facilities are being shipped out of the country. I don't know if you noticed in the paper not long ago —it was just a small article in the business section that said — "Professional openings in the province of Ontario are down 41 percent in the last year." So we have seen a massive transfer of manufacturing to the United States. In fact, in Buffalo alone in 1989, 92 percent of the new jobs, or the new businesses created, were Canadian. And that's Canadian companies picking up, moving across the border, moving down to the low-wage states who are now of course moving down to Mexico. I just came back from a fact-finding tour of free trade in Mexico and I warned Canadians what we're dealing with when we're talking about an open border that goes from the north of our continent right through Mexico into Latin America. We're talking about an agreement that's based on American technology in capital, our resources, and $3.25 a day labour, unlimited in Mexico. The talk that this is going to bring Mexico up to our standards, I think is a false premise because we are talking about an agreement, both ours with the United States and the one that's about to be undertaken with Mexico that has no standards and no protections for those social programs, for those wages. I think we're going to see this increasingly like a funnel, with not only the jobs moving south, but our standards moving down to the lowest common denominator. I defy anyone in this country to live on $3.25 a day. I'm not saying it'll ever get that bad, but there's no question Mexico's a silent partner at many a bargaining table now. So that's the first concern.

The second is the foreign takeover. It has been unleashed and I feel very strongly we haven't seen the end of it. I think it's as bad as anything we saw in the late seventies and is going to surpass that by far. I monitored Investment Canada from when they were first set up. It was first set up in 1985 and I estimate that it has taken over 2,000 Canadian companies. I am very worried that if we don't own our land and our factories and our resources and our forests and our farms that we are not going to have the economic ability to determine our own sovereign future. That's what I mean by sovereignty, and I wonder how we are going to build for the future.

Now we are told this money is going to be good for Canada, but I strongly argue that. I give you as an example Power Corporation that sold Consolidated Bathurst to a Chicago firm who ploughed the money into Europe and said — the situation in Canada is unstable now. I believe that we're going to see the same thing happen with the money that comes from the sale of Consumers Gas. I believe Reichman is going to turn around and put that money into Canary Wharf in England and I don't think we're going to benefit from it. Prudential Bache Securities put out a report several months ago that said foreigners own an unprecedented 36 percent of all provincial bonds, 30 percent of all Canadian Government bonds and 50 percent of all corporate bonds. This has placed a virtual straight-jacket on our ability to establish our own monetary policy. A U.S. investment banker warns that Canada is developing a third world currency and I don't have to tell the people in this room about our shrinking trade picture or our current account deficit or dramatically reduced business investment or our manufacturing production. You know that story. So that's my second concern.

And my third is what I believe is the beginning of the gutting of our social programs. I think once our manufacturing base goes, we're not going to be able to afford them anyway. We have harmonized our unemployment insurance system — and again, please believe me, I am not saying all was well before. It did need revisions, but we have harmonized the unemployment insurance system in this country almost directly to the system that exists in the States, where only 26 percent of Americans are insured for unemployment. We also, of course, have brought in the call-back of provisions for old-age pension and family allowance. One study that I quote in my book says that using the statistics on inflation that we have now any senior who has an income of only $40,000 and over by the year 2000 will not be eligible for old-age pension.

I believe we're also beginning to see the end of Medicare. The government is bringing in its contribution to the provinces at 3 percent under inflation and I estimate that somewhere between the years 1998 and 2010 there will be no mandated, legislated federal presence in that system. We've already got three provinces, B.C., Alberta and Quebec, talking about two levels, a two tiered system of medical care. So, you know, we warned this would happen and it's one of my biggest worries because I feel we will not have the money to re-establish these programs. We are also witnessing the death of the middle class. We're moving from a society that looked like the big egg, with a large middle class, to something that looks more like a pear with the wealth being concentrated in fewer and fewer hands at the top, and more and more Canadians just falling out the bottom of that pear. And of course, you know the documentation that is following the growing gap between rich and poor. So that's my third concern.

My fourth is that I believe that we are steadily losing very real control over our resources. We signed something in the Free Trade Agreement called the "Proportionality Clause." If we, in time of our own need or environmental concern with the Gulf Crisis or whatever reason, want to say we're sending too much energy south, if we want to pull that back for ourselves, we cannot do that. That's the Proportionality Clause of the Free Trade Agreement. We would have to cut back on our own use and if for environmental reasons we wanted to cut back on our use of fossil fuels, we could not impose those environmental regulations against our exports. This is called sovereignty. Whether you agree or don't agree with something like a national energy program, that's not what I'm talking about here. Those are Canadian decisions that should be thought out here in Canada. But when those decisions are taken out of the hands of our National Energy Board, which is the regulatory body that's supposed to protect our energy resources and our security, then we've removed the democratic control by Canadians of our energy policy and that's what I'm concerned about.

We just agreed as well, or the Energy Board has just given rights, for what we call "tolling." That major new pipeline that's going to be built to the United States, simply to carry exports of our natural gas, is going to be partially paid for by Canadian gas users, because we're supposed to amortize, if you will, those costs. We've done that in Canada. It's a good program. It's a bad policy to subsidise exports to the United States, whereby the Americans are going to be able to lock in those long-term contracts at a much cheaper rate than we can. So we're going to end up bidding against American companies for our own gas. I have a great quote in my book from the Vice President of Shell. He says, "Well stop worrying about it. If you Canadians offer us a good price we'll sell it back to you." It is continental energy now. I assure you it does not belong to us. There was a very nasty dispute between the American government and a number of American gas companies, natural gas companies and the Energy Board, from which the Energy Board totally backed down. They maintained one small right under the Free Trade Agreement, or they claimed to maintain it. They said, "We still should be able to ask whether an export isn't a net benefit to Canada" and the Americans said, "No, you can't under free trade," and we backed down.

And the final one is the disputes. We were supposed to, through this Free Trade Agreement, have established a system where we would sit down and talk together as two friendly nations about the disputes that we have. In fact, if anything, since the Free Trade Agreement was signed the Americans have become more aggressive, more protectionist. I'm hearing an awful lot of manufacturers now who are telling me that when their products hit the American border, they're running into red tape only in the last six or eight months, because there is a big push to buy American and protect American jobs in the United States. Of course it defies the provisions of the Free Trade Agreement. Most Americans have never heard of this and wouldn't bother being concerned about it anyway. But that is an issue that's there for us, that we're hearing about. We were supposed to be this friendly favoured nation, but what we're finding is that the Americans are using the GATT in one hand and the Free Trade Agreement in the other as a kind of a club. West Coast Fish was a perfect example. They took our fish processors to the GATT and said that the Canadian law that requires unprocessed fish to be processed in Canada before it's exported, contravened international trade rules and they were found right. The GATT said that. However, without a Free Trade Agreement, we had an alternative. We could have then placed an export tax on that unprocessed fish so that would have had the same effect, but under the Free Trade Agreement we can't do that. So the government backed down. There is a very great concern on the West Coast about the loss of jobs. We just got the final ruling on the pork dispute and farmers in Canada are talking about the potential loss of up to 30,000 Canadian jobs. In this dispute, the Americans named 18 key farm aid and subsidy programs, any one of which would have caused them to rule against Canadian pork. They have made it very clear that not a regional program will survive — not a farm assistance program, not a subsidy that they do not use in their own way. Anything that we do that's different will not be allowed to survive, and that's what I mean by sovereignty.

I know I have strong thoughts on all of this, but I guess I want to end the formal part of what I say with just a few thoughts on an alternative. Yes, we have to become more competitive. I would never argue with that. But I think that abandoning full sectors of our community is the absolute wrong way to go — a heartless agenda and one that is going to bring the economy of this country down. Remember the famous dispute or dialogue between Ford and Walter Reuther, the great union leader, when Ford threatened to bring in robots to replace all his workers and Walter Reuther said, "Ah, but Mr. Ford, who will buy your automobiles?" It is not in the long-term economic interest of big business or anybody else to be building an underclass in this society but I believe it's what's happening. Nor do I think that destroying institutions that took 120 years to build is the answer. I think the answer lies in a very, very different direction and I just want to very quickly tell you some of the things that I think we have to do.

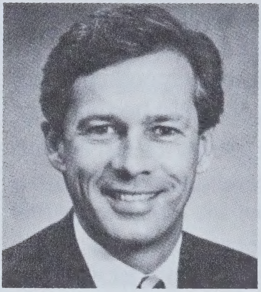
The first will be strong. I think we have to abrogate the Free Trade Agreement. I know you'll say to me, we've brought our systems into place, how can we do that? What problems, what reaction, what retaliation? There'll be lots. But the option, as far as I can see, is not only a deteriorating economy, a deteriorating social structure, but the demise of this country as a sovereign entity. I think we need an end to the growth of foreign ownership and control in this country. We've already got far too much and it is hurting and not helping our standard of living. We need much greater Canadian ownership and control of our natural resources, particularly in the oil and gas industry. We need policies of full employment as the cornerstone of economic planning instead of the present policy of throwing people out of work to keep the rate of inflation down. We need an infinitely fairer tax system than the system that we have in place. I don't think Canadians are against paying taxes when they feel that it's being distributed evenly across the board and that everybody's paying their share. We need industrial policies in the national interest that include lower interest rates, worker ownership, profit participation and upgrading of resources. I think we need an end to what I see is a regressive tax structure that's going to be brought in. I don't see how it's going to be avoided now, but I think it's going to be inflationary and regressive. And finally, I think we need election reform which includes abolition of the Senate and more representation for the Atlantic provinces and the West in the House of Commons. A proportional representation system in federal elections, much tougher limits on election spending at all levels of politics, more free votes in the House of Commons and more opportunity for Canadians to have national referenda on issues of significant concern to Canadians.

And I'll end with the very last couple of paragraphs in my book, because I ended up saying that we have to find again our shared values. As uncomfortable as it might be for us, given our reticence for self-examination, we must learn to give expression to them. We have a proud and unique heritage and traditions worth fighting for. Our most enduring legacy is our love of the land, harsh and relenting as it can be. Survival, not dominance, is essential to our definition of self. We honour the generations that have gone before us. We cherish the survival of traditional values and the established customs of our country. We are an evolutionary, not a revolutionary people.

Our strong historical will to live and to resist the more commercial natural lines of north/south trade led to the creation of national institutions, whose role was to deliver services equal in quality to every part of the country. We believe that individual freedom can be attained only within public order and we invest in our government the responsibility to safeguard our freedom. Our collective rights to safety outweigh our individual right to bear arms, a remarkable difference between Canadians and Americans. We are a people seeking justice. We have been ashamed of poverty in our midst. We are a people with a tradition of compassion. We are also a peaceful people, proud of our international peacekeeping role. Our capital city is filled not with the symbols of war, but of peace and human rights.

Canadians can face the future with pride and hope. But I end by saying Canada must reassert its commitment to equality or we will not be recognizable in ten years. We must preserve what is of value to us, even as we prepare to meet the high technology demands of the 21st century. Rural life is a part of our past and our future. It must be safeguarded by government. We must retain the right to establish conditions of work and of social life because we don't measure everything, including a standard of living, against columns in a ledger book kept in a New York boardroom. We must be free to determine our own fate and our own priorities because we have a common heritage based on human values. These are the fundamental principles upon which this country was built. We must call them ours again not only for the next generation of Canadians, but for the role we might play in the new global order. Canadians must build upon our traditional tolerance to reclaim our future. If we fail, we will lose not only those characteristics that most truly define us, but the values vital to the survival of all humanity. In the emerging global reality of the 21st century, these values could be Canada's finest gift to the world.

The appreciation of the meeting was expressed by Eric Jackman, President, Invicta Investments Incorporated and a Director of The Empire Club of Canada.



November 22, 1990

The Hon. Rick Orman

Minister of Energy, Province of Alberta

BRIDGES OF UNDERSTANDING

Chairman: **Harold Roberts**
President

Introduction:

Our guest today is the Honourable Rick Orman, Minister of Energy for the Province of Alberta. As a third generation Calgarian, he is a true Westerner. Most of the people I know in Calgary are really Easterners gone west.

A few years ago during a previous oil crisis in Canada it was reported that someone in Calgary said: "Let the eastern...(neighbours) freeze in the dark." I suspect that such a statement was made by a transplanted Easterner rather than a purebred Calgarian like Mr. Orman, as I know Westerners to be warm and gracious people.

At this time of year we are starting to think of a star in the East, but before our gaze is transfixed, I have the pleasure to present a star from the West.

Tamsin Carlisle of the Financial Post in September of 1987 described Mr. Orman:

"Orman's rise through Alberta Tory ranks to the provincial government's inner cabinet has been striking. With working class roots, he romped home to victory in Calgary's blue-collar, largely ethnic Montrose riding in the 1986 provincial election. He was quickly appointed Minister of Career Development, then served a six-month stint in the Labour portfolio before being promoted to Energy last spring.

An accomplished fundraiser, who, in 1986, as president of a junior oil company, Nexus Resources Ltd., persuaded investors to pour $2.5 million into risky drilling ventures, Orman has leaned heavily on his oil-industry friends for contributions to Tory party coffers. For the provincial election in March, he raised more than $100,000 to spend on his campaign — the richest war chest of any provincial politician.

When I was approached about having Mr. Orman address The Empire Club it was suggested that he was the heir apparent to Premier Don Getty. Having read his profile and numerous newspaper articles on him, it occurred to me that, when Mr. Getty suffered illness earlier this year, I might indeed have been introducing the new premier of Alberta. However, as Minister of Energy, Mr. Orman comes to us as one of the most powerful men in Alberta's Cabinet.

I suspect that he comes as a salesman. In that same article referred to earlier Mr. Orman is quoted as saying, "I believe there is a role for the Energy Minister to go out and talk about investment... I can't make the deals, but I hope to trigger the investment." Having had to raise money myself, I understand the dynamics of this.

In our current recession, words of encouragement and optimism are needed. Sell! Rick, sell! Ladies and gentlemen, the Honourable Rick Orman, Minister of Energy for Alberta.

Rick Orman:

Good afternoon, ladies and gentleman. I am honoured to be here. Thank you Reverend Roberts for your invitation to speak to The Empire Club of Canada and for your introduction a few moments ago. Reverend Roberts, you said you hoped I would use this occasion to build a bridge of better understanding among Canadians — a goal which hopefully I can live up to this afternoon.

The temper of these times is such that bridge-building is needed. Events in our nation this past year sadly underscore the need for bridges that can bring Canadians together, bridges that can heal our wounded national spirit. Meech Lake, Oka, high interest rates, the GST have created disillusionment and mistrust in our country. The divisions are real and very deep.

Greater understanding and consensus-building are needed, as never before. Our national consciousness is in need of recommitment. If we are to be a country united in purpose, we must have the passion, the inspiration and the courage to create a national vision that all Canadians can accept, can share and can have pride in. Writing in Maclean's magazine nearly 20 years ago, poet Alden Nowlan said of Canadians: "The question is not 'who are we?' but 'what are we going to make of ourselves?' " The importance of that question, and answering it soon, has never been greater.

This is the first opportunity I have had to speak in Ontario since the election of Premier Bob Rae. I extend to Premier Rae and his government the goodwill of the people and Government of Alberta. I congratulate Mrs. Jenny Carter on her appointment as Ontario's new Minister of Energy. I welcome Mrs. Carter as a colleague and look forward to having a positive working relationship based on mutual respect. These are certainly interesting, if not demanding, times for Canada's energy ministers.

The unfolding hostilities in the Persian Gulf have again created world-wide concern about oil prices and security of energy supplies. These developments are dramatic reminders of just how important petroleum is to our economies and to everyday living. Energy ministers today are also confronted, as never before, with environment issues. One issue which has received a great deal of international attention is the impact of energy emissions on climate change. Discussions on this one issue alone have extremely far-reaching implications for the very way we live and work and for our relations with other countries.

Without doubt, these are important times for energy ministers. And it is a time for ministers to work co-operatively on the difficult and complex energy issues we face. It is an historical fact that Ontario and Alberta have had their share of differences on energy issues. My goal today is to build one of those very important bridges I referred to a few moments ago — a bridge of better understanding between Ontario and

Alberta on energy matters. This objective provides the focus for my remarks to you today.

In 1972 the late Dr. John Deutsch, the respected Principal and Vice Chancellor of Queen's University in Kingston, chaired an advisory committee on energy for the Government of Ontario. In his report he noted — and I quote — that "Ontario finds itself in a rather unusual position of being one of North America's most energy intensive regions and yet one of North America's most energy deficient regions." He went on to say — and again I quote — that "in all respects the energy outlook points to the likelihood that energy costs and prices are going to increase steadily over the next decade." The decade that Dr. Deutsch was referring to ended eight years ago, yet his statements are as relevant today as they were in 1972.

I quote Dr. Deutsch because his comments underline two of the basic concerns that have driven Ontario's energy policy, not only over the past two decades, but for most of this century. I am referring, of course, to concern for supply and concern for price. And at no time in Ontario's history was the dual concern for price and supply greater than in the early 1970s. The events leading up to the 1973 Yom Kippur War and the associated oil embargo resulted in a flurry of examinations of Ontario's energy future.

An Ontario Ministry of Energy was recreated in 1973 and Darcy McKeough was appointed Energy Minister. Mr. McKeough had just completed a major study on energy which, among other things, looked at the security of supply and price issues. The McKeough report stated — and I quote — that "the energy problem is far bigger than the decision-making capacity of Ontario." The report also noted that the world energy situation had crucial relevance to Ontario's decision-making capacity. As is evidenced by the sequence of events which followed, the Ontario Government, working with Ottawa, moved to effectively broaden the decision-making capacity of Central Canada. It succeeded, but at the cost of considerable interprovincial tension and the alienation of

Alberta. As we all know, Ontario opposed Alberta at every First Ministers' and Energy Ministers' meeting through the 1970s and first half of the 1980s.

The Trudeau Government did study after study, all of which effectively defined Alberta as little more than a caretaker of a "national" resource. A decade ago, on October 28, 1980, the Federal Government introduced the National Energy Program which became the new law of the land on energy matters. The NEP entrenched in law a set of policies that restrained oil and gas sales and prices, and in the process, transferred some $60 billion from Alberta to the Federal Government and the consuming regions. It is not my intention this afternoon to relive yesterday's energy battles, or to appear unduly partisan before this audience. As I said earlier, I seek today to build a bridge of understanding, but from Alberta's perspective, to understand today it is necessary to be aware of the events of yesterday. The energy policies and the attitudes from 1973 to 1984 damaged not only Alberta, but our entire nation.

Those policies planted dragon's teeth that created a persisting anger and sense of injustice in Alberta. In the principal consuming regions, especially Ontario, they engendered a belief that it was acceptable to use raw political power to appropriate resources to which the claimants morally, if not constitutionally, had no possible claim. The policies of that period seriously undermined the confidence of the producing provinces in our Confederation. And perhaps most important of all, in preventing the marketplace from working, it prevented price from performing its primary function of balancing supply and demand. We lost the chance to use market price to force conservation and improve efficiency of energy use. The consumer gained something in price but at a high cost — a very high cost — when measured in terms of energy conservation and energy security. While we may have been resource rich, as a nation we were policy poor in those days. And for a nation to grow and flourish, it needs policy that has long-term vision, a vision that respects the legitimate aspirations of all its parts, not just the centre of political power.

Attitudes have been mending since the change of the national government in 1984 and the adoption of new policies that place increased reliance on the marketplace. But the 1973-1984 policies were clearly a product of centralist political causes and election strategies.

When I became Energy Minister, I received a bit of advice on how to deal with Ontario. Actually, I received a lot of advice. But one comment particularly stands out: "When dealing with Ontario," I was told, "there's one thing you should remember: the price is always too high for their liking." I believe this is true. It is also understandable. As John Deutsch noted, Ontario is long on industry, but very short on primary energy. I can well understand the preoccupation you have with security of supply and pricing. But if we are to live and trade happily together, Ontario and Alberta must share some fundamental values. In 1977 the policy and attitude of Ontario was that the price of crude oil, natural gas and coal should not be related to world prices.

That attitude and that policy position simply won't do today. It does not describe the productive relationship that we both desire. We are sellers. You are valued buyers. Sellers and buyers do not meet in a legislative chamber or a political meeting room. They meet in the marketplace. The marketplace should drive exploration, development, production, transmission, refining and retailing. We can endure when a freely trading market results in down cycles, when excess supply drives prices down, as it did in 1986 when oil prices fell below $12 a barrel. But equally, Ontario and other consuming provinces must be ready to accept the inverse — the up-cycle when demand or other factors in the marketplace moves prices to higher levels, as is occurring today.

In part it is simply a matter of fairness. And acceptance of this principle will ensure the maintenance of the goodwill that prevails today. If you rejoice in the downturn in price, but then apply political muscle to disadvantage Alberta and our producers when prices rise, we will have no alternative but to resist. We stood toe-to-toe for a dozen years. Neither of us should risk reinventing those divisive days. Alberta won't reinvent those times. But if others seek to do so, we will respond. In any trading relationship there are bound to be pressure points and issues on which there are differences of opinion. But my message to Ontario is that we must learn from the mistakes of the bad policies of the past. Let us not be driven by them.

Albertans, I can assure you, will pay close attention to legitimate concerns of consuming provinces. But we also want to feel confident that the buyers of our energy supplies will pay equivalent attention to Alberta's legitimate concerns. And when you get right down to basics, our concerns are remarkably similar. I refer, of course, to security of energy supply, adequacy of supply, and "reasonableness" of price. Price has been the major single source of mutual irritation. A buyer's definition of "reasonableness" as it relates to price must not be seen as the inverse of a seller's definition. The only way a "reasonable" price can be determined in the "short run" is through the interaction of buyers and sellers in an open marketplace. Whether the market prices for our energy products are high or low, if they truly reflect supply and demand, we will regard them as reasonable. In the "long run" prices must cover our costs of production and must provide a fair return to producers and investors. If they don't, energy production will decline, supply will shrink and the market will make the necessary upward price correction.

But in the days of discord, "reasonable" came to be seen as "cheap" and low prices were established by federal edict. That serves no one. The market dictates a reasonable price for the goods and services we buy from you, and, at those prices, we are big buyers of your goods and services.

Indirect actions that are designed to hurt the market can also be an issue of discord between us. Interveners from the demand side can, and have, as recent history shows, used regulatory and legal processes to achieve a price gain that would be denied them by normal open market processes. From Alberta's perspective such tactics are extremely short-sighted, and serve only to perpetuate needless ill-will between buyers and sellers. We are very pleased that in the end such tactics have not had much success with regulators. My message on this point is straightforward. On an even playing field that is market-driven, Alberta producers are able and anxious to ensure both security of energy supply and adequacy of supply for Canadians over both the short and long terms. We cannot, however, plan supply when prices are driven by political manipulation and intervention.

Recent history shows, for example, that since the deregulation of the natural gas markets and prices, the price for natural gas at the Alberta border has worked to the advantage of consumers. Prices have dropped from about $2.80 per gigajoule in 1985 to about $1.55 per gigajoule in 1989. Alberta's proven natural gas reserves can meet supply needs for the next 18 years. Our estimated reserve potential can meet supply needs for a further 18 years to the year 2026. In 1989 Alberta produced about 3.1 trillion cubic feet of natural gas, two-thirds of it for Canadians and one-third was exported to the United States. Our sales to the U.S. currently amount to 7.5 percent of their total consumption, a proportion that we project will rise to 9 percent by the mid-1990s.

Given long-term increased demand and higher prices, Alberta producers can and will increase activity, replace reserves, and maintain an appropriate reserves to production ratio. In an open marketplace, increased demand calls out new supply. But Alberta producers cannot do these things if they are unable to move their production to market. Timely natural gas pipeline expansion is essential if Alberta is to supply the growing market demand in both Canada and the United States. Consumers, regulators and governments in both countries are ready to see expansion proceed. Alberta is naturally very pleased with the National Energy Board's recent decisions affecting the trans-Canada pipeline expansion and the U.S. Federal Energy Regulatory Commission's approval last week of the Iroquois pipeline. T.C.P.L. has been given the go-ahead by the NEB to start the first phase of its $2.6 billion expansion. The first phase alone, which begins in January in Northern Ontario and Eastern Manitoba, will pump approximately $600 million into the economy, and create about 1,400 jobs. The entire project is expected to create 3,600 jobs altogether. Ontario will be a primary beneficiary of this spending and job creation. Expansion of sales benefits Alberta in income terms. It benefits Canada in balance of payment terms. Because we buy energy production goods from you, it benefits industrial Ontario. It aids consumers — especially Ontario consumers— through enhanced energy supply and supply security.

Another area of concern that appears to be primarily centred in Ontario is the opposition to Alberta's gas exports to the United States. Those espousing this position argue that Canadians have a right to expect Alberta to hold excessive gas in reserve — and at our cost mind you — because of possible Canadian demand at some unspecified future date. It is unfair and unreasonable to expect Alberta to agree to such a position. Expansion of markets is what creates a strong, viable supply industry that can succeed in finding and developing new gas supples. But for those who may have concerns about Canadian consumers' access to Canadian gas supplies, I would refer to the regulatory protection that currently exists. Under the complaints procedure of the National Energy Board's gas export rules, any Canadian consumer can challenge the granting of an export licence and has a call on Canadian gas if he is prepared to execute an agreement with the producer containing similar contractual terms and conditions including price. This right has never been used. Why? Exporters are familiar with the Canadian market and fairly price their gas. But the protection for Canadian consumers is there and can be invoked at any time.

The core market issue has been an on-going source of friction between Ontario and Alberta since 1986 when the Canadian gas market was deregulated. It is my hope that this issue can be resolved. For those unfamiliar with the term,"core market" refers to a specific category of gas users — schools, hospitals, the residential market, and other customers who have no alternative to gas as an energy source. Essentially, therefore, the core market consists of gas users who cannot afford to be cut off in a time of serious gas shortage. Alberta's position throughout our many discussions with officials in Ontario is reasonable and is based on what we truly believe is in the long-term best interests of consumers who are the most vulnerable to sudden price increases and supply shortages. Without going into great detail, the issue centres around length of contracting. Alberta's position is that core market customers should enter into long-term contracts to ensure security of supply. The tendency, however, has been for these customers to enter into short-term contracts to take advantage of lower prices. In some cases contracts are for periods of six months. And while it is true that this short-term contracting may be simply a consequence of deregulation, the real question that has to be addressed is, "How wise is this practice?"

The Government of Ontario must determine whether it is prudent public policy to allow core market users to be at risk of not having guarantied long-term access to needed gas. I believe the Ontario Government must ask itself: "What would happen if hospitals, nursing homes or schools were unable to get heating in winter?" Alberta's position is that core market customers in Ontario should be required to enter into longer-term contracts that guarantee their continuing access to gas supply. This is the policy that is in effect in Alberta under new legislation that was passed in the Alberta legislature this past spring. Under the Alberta policy, residential and small commercial users in Alberta will be able to purchase gas directly from producers but only under 10-year contracts. Institutional and large commercial users will be able to make direct purchases under 5-year contracts. Large industrial users will have no restrictions placed on their length of contracting.

Why does the Alberta Government care about securing supply for core market customers, whether they are in Ontario or elsewhere? The answer is straightforward. Our U.S. buyers typically contract for decades ahead to ensure supply security. Our concern is that a domestic core market user would, in a supply crisis, seek a political solution. The likely outcome is that Alberta would be asked, or worse yet forced, to break into its long-term export contracts with prudent importers to sustain the natural gas flow of the imprudent short-term buyers in the domestic "core" market. This has the potential of hurting our province's reputation as a reliable supplier. The producing industry, which lives by its contracts, will have been forced to breach contracts. Reputations will suffer. The incentive to explore will have been hurt and security of supply will have been prejudiced.

Let me now turn briefly to oil supply. Alberta's production of conventional and non-conventional crude is currently 1.4 million barrels per day. In 1989 our conventional production declined by 40,000 barrels a day. Oil in Canada, however, is potentially as plentiful as natural gas. The oil sands at Fort McMurray could supply our domestic and export markets for a century and beyond.

The Suncor and Syncrude plants currently produce some 220,000 barrels a day, which represents about 17 percent of our total daily production. Approximately 80 percent of the production from Suncor and Syncrude is used for the domestic market. Suncor and Syncrude are contributing in a significant way to Canada's security of oil supply — and the contribution is becoming greater with each passing year and our declining conventional production. Operating costs at Suncor and Syncrude are about $15 a barrel. This is more than the per barrel operating costs of conventional production but the gap is narrowing as technology and production efficiency improve.

Alberta's 17 percent ownership of Syncrude is now on the market for selling, preferably to be sold to Canadian buyers. It is now profitable and should be privatized. There have been rumblings, again mostly coming out of Central Canada, that it would be wrong for the Alberta Government to sell its equity to foreign buyers. Let me be very clear, the Alberta Government's stated position is that it strongly favours Canadian buyers for its share of Syncrude. But if none comes forward, the conclusion we will draw is that Canadians are not interested in investing in their energy future.

Security of supply is Ontario's policy concern and it is Alberta's policy objective. If we agree on this, it surely follows that the pace of oil sands development must accelerate. Canada has an oil resource in Alberta with a potential reserve capability equivalent to Saudi Arabia. In most countries oilsands development and resulting supply security would be a top priority. It should be here. But sadly enough, it appears not to be. The Federal Government's pullout of the Oslo project underscores this point. Alberta is, as best it can, trying to keep the project alive. And we are doing so because it will protect and benefit all Canadians. It is our hope that the Federal Government will reconsider its decision and participate in one form or another. Even leaving aside the security of supply issue, the Oslo project, over its projected life span, could generate an estimated $10 billion or so for the federal treasury in the form of taxation. In view of this, it is especially bewildering why the Federal Government would put this project at risk. It makes good business sense and it makes good public policy sense to support it.

We should be particularly conscious of the need for security of oil supply given Iraq's August 2nd invasion of Kuwait and the grave danger of war that exists in the Middle East today. It is becoming harder each decade to accept the Middle East as being a reliable source for world oil. Since the Yom Kippur War in 1973 we have now had three disruptions that have affected the availability and price of oil from the Middle East. The advice I am receiving is that the danger of armed conflict is very real. If that proves to be true, the price of oil will spike up and political leaders in Canada will again be pressed by consuming regions to intervene and to re-institute price controls. Alberta will vigorously oppose any move to do so.

Governments should not tinker with oil prices. We should have learned that security and adequacy of supply are equally prejudiced by government pricing.

Most countries of the world, in contrast to Canada, let the free market function when the oil price tripled in 1979. Japan, for example, did so. Higher prices led to more efficient use. As *The Economist* has noted "Japan has reduced its oil dependence by more than any other country…today Japan uses 55 percent less oil than in 1973 for every dollar of GNP." But Canada took a different approach. We intervened, kept prices down, did not signal to consumers the need to conserve. And they haven't. On a per capita basis, Canadians are the biggest energy consumers in the industrialized world. While we talked a good fight in the late '70s and early '80s, we gave no price signals that would conserve energy. But besides the energy efficiency argument, there are other compelling arguments for resisting efforts to impose price controls.

There is tremendous misunderstanding about the current higher prices. The price of oil would have to spike at $80 per barrel for six months and then hold at $50 per barrel for two years before having an effect equivalent to the tripling of price in 1979. Oil, even today, is cheap. Said The Economist…at $30 the real price of oil would be scarcely higher than in 1978 before the prices took off." The higher oil prices we've seen in the past few months have fuelled that persisting myth that the oil and gas industry is rich and excessively profitable. The first question that most people seem to be asking, and incredibly even by those who ought to know the facts, is : "What is the industry doing with all the windfall profit?" To those people, I say, look at the facts. Oil prices for this year, even excluding inflation, are lower than they were in 1985.

In that year, the price for West Texas intermediate crude averaged $28 U.S. per barrel. This year's year-to-date average is about $23 U.S. per barrel. In 1986, the year the real price collapse began, the price dropped from $23 U.S. a barrel to less than $12 a barrel. Since 1986 the annual average price has fluctuated between $15 and $22 U.S. a barrel. Expressed in different terms, if one allows for an annual inflation rate of 4.5 percent, the price of crude oil today would have to be $36.72 U.S. a barrel for it to be even with the price it sold for in October 1985. One must also keep in mind that oil is priced in U.S. dollars and that the Canadian dollar relative to the U.S. dollar has increased more than 20 percent, thus cutting even further into the industry's revenues. And we must also remember that while an armed conflict in the Middle East would likely result in even higher prices, no one believes that these higher prices will be sustained over a long period of time. In fact, most analysts believe that prices are likely to fall dramatically when the current hostilities are resolved.

Since 1985 the industry's revenues have been more than halved. There have been lay-offs in the industry. Royalties to Alberta's treasury have been significantly reduced. In fiscal year 1984-85, the Alberta treasury received about $4.8 billion in resource-related revenue. But two years later, resource revenue declined to $1.7 billion, a decrease of 65 percent. In the past three years, annual resource revenue has averaged about $2.2 billion. As a final comment about today's higher prices, I would remind you of the fundamental commitment Canada made in 1985 to deregulate oil and gas and to rely on open market forces. After that decision was made, oil and gas prices fell and fell precipitously.

But despite these lower prices and the hardships Albertans have had to endure because of lower prices, we remained committed to reliance on the marketplace. We did not seek policy changes that would deny lower prices to the consuming regions. How can there be any legitimate justification in denying Albertans the benefits of prices when they rise?

In my concluding remarks, ladies and gentlemen, I would simply say that Albertans willingly accept the important role their province plays in meeting Canada's energy needs. As a province we have been blessed with an abundance of resources that we know are crucial for maintaining Canada's industrial strength and the high standard of living Canadians are fortunate enough to enjoy.

But with abundance comes responsibility. The Government of Alberta has a responsibility to the people of Alberta, the owners of the energy resources, to provide good stewardship. The Government of Alberta has a responsibility to ensure that Albertans get the full benefits of their resources. And the Government of Alberta also has an obligation to ensure that its energy resources are not squandered, but are developed wisely and used efficiently. Alberta's energy policies have been developed with these objectives in mind. We ask from the National Government and our sister provinces and the territories that they respect our ownership rights and our strategies for managing Alberta's energy resources.

It is my hope that I have built a bridge of better understanding and have left you with the message that Albertans understand that their energy resources are important to Canada. Under the leadership of our Premier Don Getty, Alberta has been a strong consistent voice for a United Canada. No political leader in this country cares more deeply or more passionately about Canada's future than Mr. Getty.

I believe that Albertans are very proud to be Canadian and are good Canadians. Work with us.

Thank you for listening.

The appreciation of the meeting was expressed by Sarah Band, Past President of The Empire Club of Canada.

November 29, 1990

Chief Georges Erasmus

National Chief, Assembly of First Nations

A FORK IN THE ROAD

Chairman: **Harold Roberts**
President

Introduction:

"Canada's 700,000 native people must abandon nice-guy politics and become more militant in their struggle to have their rights and deed claims recognized. The time has come for native people to stand up and be counted — even if it means acts of civil disobedience." So said National Indian Chief Georges Erasmus in June of 1988.

Since Europeans first came to the North American continent the indigenous people have had to negotiate from a disadvantaged position; lacking power, technology and wealth.

While native Canadians have enjoyed better protection than, say, natives in Brazil or Iraq (the Kurds) most of the time their voice has been far from effective. True, they were consulted during the Mackenzie Pipeline debate and enquiry in the 1970s, but until 1982 when David Ahenakew successfully established the Assembly of First Nations there seemed to be no common voice.

In 1985 David Ahenakew was succeeded by Georges Erasmus, who claimed, "It's time for a change in this country (from the federal and provincial governments). But mostly we are tired because this country ignores us. We are tired of living with this constant rage because we are never recognized."

He has spent his life working on native and national issues, building consensus, opening doors, increasing the profile of native Canadians.

Born in Fort Rae N.W.T. in 1948, George Erasmus was secretary of the Band Council, Yellowknife, 1969-71. During that period he organized the Community Housing Association. He was a fieldworker with the Company of Young Canadians, becoming regional Staff Director in 1971. Also, from '71 to '75 he was Chairman of University Canadian North. He continued to work for many concerns both nationally and internationally and in 1986 went to Siberia with the Honourable David Crombie to study the economic conditions of the indigenous people living there. In 1987 he was appointed to the Order of Canada and in 1989 Queen's University made him a Doctor of Laws (Hons).

Native Canadians have for years tried to challenge governments at all levels to grant rights that they perceive as fundamental "native rights" — hunger strikes for funding of post secondary education, sit-ins to reinforce their claims, fishing with larger than legal nets to challenge provincial laws that over-ride the rights of natives, Elijah Harper, blockades, and finally, last summer, the "stand-off" at Oka.

The events in Quebec and indeed across Canada this past summer have finally brought the "native issues" not only to national but to international attention. When the barricades came down, there was a commitment on the part of Canadians both in Government and out to hear the stories and to negotiate peacefully.

We see Chief Georges Erasmus' visit to The Empire Club of Canada today as part of that process and we welcome him.

Georges Erasmus:

Last summer, native people in this country took a very firm stand against the Meech Lake Accord. It was not a stand against Canada. It was not a stand against Quebec.

We took a look at the Agreement, and as native people we found the Agreement wanting. We were going to put into the Canadian Constitution the concept that there were two fundamental characteristics of Canada that should be entrenched, embedded in the Constitution. It was following from the concept that there are two founding nations. And one of those was not the original native people. That was something we could not live with. We could not have further entrenched rights for other people in this country that would make us even less able to compete and try to protect our language and our culture. In Quebec, native people could not live with a situation where Quebec was being recognized as a distinct society and there was no ability for the native people there to be able to also protect and have their language and culture flourish. The balance was not there.

Ironically, the one place where native people are in the majority in this country, the North, where by sheer numbers we could govern a public government, there are no provinces. It's still a colony of Canada. Government is still from Ottawa. What was going to happen with the Meech Lake Accord was that the formula for creating provinces was going to require unanimous consent. All ten existing provinces were going to have to agree before a province could be created up there, when not one of the existing ten provinces had to consult another province before it was created. Totally unfair, probably racist. It was not a decision on our part to say no to the aspirations of Quebecers. What we were saying no to was to the vision of the Canada that was going to be created. We could not live with it.

When, after three years, we attempted to change the Accord, it was not possible to amend it. Even in the last weeks we were trying to change the Accord, and we had no problem with Quebec being a distinct society. In fact, I could have personally lived with much stronger language. We wanted to put in the Constitution that Quebec is a nation. I would have had no problems with it at all. What we were after was balance. We wanted to ensure that there was a proper distribution of power in this country. And I think there are a number of ways that that can happen.

For Westerners, we are tired of seeing central Canada completely control the agenda. We are tired of sending members to the House of Commons who virtually get lost because it doesn't matter what national party they are part of, once they start following the party line inevitably they're following the interests of central Canada.

So, for Westerners, the national institutions of Canada must be changed. The Senate has to be elected. It has to be more equal. It will allow smaller provinces, Westerners and Northerners more power over themselves. And in the First House, the House of Commons, we have to free up the members. The members must be able to follow their conscience, follow the wishes of the people that elect them. This will allow Westerners to have more control over their lives. It was absolutely unnecessary for people like David Kilgour to walk away from the party that he chose to run for, just so he could actually do what his people wanted him to do, and what the majority of Canadians wanted him to do, to vote against the GST.

So we must look at changes. The country need not be threatened if we have different political powers in different parts of this country. I'm married to a Newfoundlander. I have been going back and forth to Newfoundland for 15 years. And for the life of me, I don't understand why in 1949, when they decided to give up total sovereignty to become a province in this country, they gave up control of the off-shore and gave up control of fisheries. Fisheries are absolutely paramount to the character and culture of the people living in Newfoundland and Labrador. All you have to do is go to the Island and you'll find that the people living there live on the coast. There is virtually nothing in the inside. You can walk a hundred feet in from the shore and you'll start to walk into open forest. They must control fisheries. Canada will not fall apart if they control fisheries. Quebec, for decades, has felt they have not had enough control over themselves so they can assure themselves of the kind of self-determination that will guarantee that their culture, their language and their unique way of life will continue to flourish. They want more control over their lives. No reason why certain powers that perhaps are not necessary to British Columbia, to Ontario, are provided to Quebec. None at all.

We have come to a fork in the road, where if we are going to continue to be immersed in a status quo, we're just not going to be together very much longer. Or else we are going to be so disgruntled across this country, we're not going to be able to live with each other. We have the ability in this country to create a country that will be envied. We have the potential but we also have the potential to fragment and create many smaller states, and that's absolutely not necessary. What we have here is the ability to bring together two European peoples, complemented by cultures from all around the world, with an indigenous population that has been here for tens of thousands of years. We have the ability to create a culture that will be different from others because we will take from each other and we will give to each other, but we will not have to crush each other. We will not have to make beggars of any of us. We will not have to make people orphans from their culture.

The people that most need to be addressed this time around in addition to Northerners are the native people. We have been impoverished like no other people. We have been without power like no other people. The land that we provided to this country, over six million square miles of land, the majority of that we do not now control. Back in 1970, we had 10,000 square miles of land that comprised all of the Reserve Land in Canada. It was 15/100 of 1 percent of the land base, the resource base that we had provided to this country. And people wonder why we're impoverished. People wonder why native people suffer and have high suicide rates, and have all of the other ills of a colonized, oppressed people.

We can be generous in this country. We have the potential to be generous. The people we should most have an open door policy for are the native people. We have done wonderful miracles with people that are fleeing their countries because of oppression. They come here, they've made a new life, and they can forget their past, and they have a bright future for their children. This is considered the land of liberty for most people leaving oppression elsewhere, because their land has been taken away, because they don't have freedoms there. Well the nightmare that you've created for indigenous people here is something we could never, ever have imagined.

The interesting thing is how little you borrow from the United States in this particular area. You borrow from the United States virtually in everything else, except this. You could take those 10,000 square miles of land, and put that on one of the twelve Sioux reserves and it would disappear and there would still be more land. You have impoverished the native people so much here, that ranches, golf courses, far exceed the size of many of our reserves. Most of our reserves are so small, we don't have enough land for more subdivisions for our homes. That has to change. The other way that you have not followed the example of United States, is in the area of recognizing the sovereign rights, the governmental rights, that native people have continued to enjoy.

This country was not settled like United States. I'm a Dene. No conquering army came to the Dene and defeated us. No conquering army came to the Mohawks and defeated them, or any other of the people across this country. We willingly, consciously with our eyes open, thought we had enough resources. Being a peaceful people we arrived at an agreement that provided for our institutions to continue on part of our land and for the institutions of the people coming in to also be placed on our lands. Never in our worst nightmares, did we ever imagine what was going to take place. That for nearly 100 years, from 1867 until 1960, we would be so limited in our activity that we would need passes to get off reserves. We couldn't own businesses. We couldn't run for office. We couldn't vote. We never reached the age of majority. We weren't human beings really. The kind of apologies that native people have watched being provided to other people has been kind of a joke. We provided our support to most of those people, whether it was the Japanese or others, who were seeking apologies. We're still waiting. We're still waiting for someone to tell us that they apologize for what has happened, what is happening, and how it will never happen again.

The government of the United States has recognized that native people continue to enjoy a large degree of their original sovereignty. They have tribal courts, they have tribal governments that have control over their lives. It's not perfect, but when you compare it to Canada, it is light years ahead. Here in Canada, when we sit down with government, and we say that we have the continuing right to govern ourselves, we are met with stares as if we have come from Mars. The first thing they ask is, "What do you mean? Your sovereignty is gone." When we come back to them and say, "Tell us when it happened, what night, what day, 1867? 1990? When? Did it happen at midnight sometime when we were all asleep?" That's not how this country was settled. This country was settled because native people were prepared to be generous with their lands because we thought it was possible for us to live peacefully side by side.

So now what we want, is we want to put in place, once again, our institutions so that we will make decisions for ourselves. So that we will shoulder the responsibility of whether or not an education system is relevant for our people. We're not going to be satisfied with being provided with school boards that fall under someone else's jurisdiction, that fall under someone else's legislation. We're not going to be satisfied with putting native people on school boards and hiring teachers and using someone else's curriculum and someone else's legislation. We're not going to be satisfied with taking over child care services, social services that belong to somebody else, somebody else's legislation. We want to make our own laws. And we're not talking about municipal governments. Obviously, we have many communities in this country and we have to have municipal governments, but, what we are talking about is, as collectives, as nations, we must have, like Quebec, like Newfoundland, the kind of powers, that are typically enjoyed by provinces that are free-standing.

We don't want an override from the federal government. We want an end to the Indian Act. We want an end to the

Department of Indian Affairs. And we want constitutional and legislative change that recognizes fully what the treaties were all about and clearly recognizes that there are in Canada and there have been for a long time, three forms of government — the federal, the provincial, and that of the First Nations. And one of those powers that we will be seeking from the federal government has to be fisheries. In the same way in which it's integral to the character of marine people like Newfoundlanders, Nova Scotians and so forth, to control the fishery, it is absolutely fundamental that aboriginal people control the environment, fisheries, game and the things that happen on our lands.

We see a time, if this works out, when native people will again control a large percentage of their original lands. No one is trying to go back. No one is trying to turn any clock back. We have no intention of making any attempt at that. But, we do want to nurture and to revitalize our culture. We know we cannot govern all of the land that we used to govern. We realize in real politics that we are the minority population in a country that has 26/27 million people. So we are more than prepared to be practical. We think it is only just that with so few people living in Canada, with all of the land, all of the resources we have, that rather than having the open forests that you have, a large portion, negotiable portion, is back in the hands of native people so that we can have some control over our lives. So that we can create a revenue base that will allow us to have some dignity, a revenue base that will allow us to pay our own way, so that we are not always beggars in our own land, and watching people from everywhere else get rich on our resources.

That's got to end. All across this country, people have been painfully, quietly, putting up with atrocities that should never have happened. Whether it was residential schools where you could not speak your language and where virtually every value of your culture was being negated, or seeing your land being used by corporations from abroad, stripping your resources, shipping them out of the country and jobs with it, and nothing being returned to you.

Patience is coming to an end. The internal suffering is just so great, the loss of life amongst our young people, the internal alcoholism, the glue sniffing, the wife beating, child neglect, all of the social disorders of an oppressed people. Our frustration, our hurt, our pain, our anger, our hate, is forced inside. It cannot go on any longer. Imagine it, like a pot on a burner that is burning on high constantly and you think, well, there's still some water in the bottom, there's still some water in the pot.

The time is here. We must now be sincere. Native people are not a threat to this country. We are not a threat to the sovereignty of Canada. We actually want to reinforce the sovereignty of Canada. We want to walk away from the negotiating table with an agreement that Canada feels good about and native people feel good about, where we can say that we have strengthened the sovereignty of Canada. So not only will Canada talk about how the Crown brought a version of sovereignty here, based in one family that continues to have it forever and ever and ever, but in addition to the original sovereignty, the sovereignty of the people that were here for tens of thousands of years is now also another source of the sovereignty for Canada.

So we're not a threat. We are only a threat if we continue to be ignored and taken lightly. We are only a threat if people don't understand that it is impossible for people to maintain the frustration level without the kind of actions that we've seen this summer. That could have happened anywhere. That could have happened on just about any reserve at some point in a given time. We have situations all across this country where reserves have shrunk, where we have land that has never been negotiated. Ottawa is sitting on Algonquin territory that has never been ceded. And yet we were told, over and over this summer, law and order, law and order. Well, as far as we know, the Royal Proclamation of 1763 stated very clearly, that Tribal Lands in the Americas were not supposed to be developed or harvested until the treaty process was complete, and that is still on the books today.

When we patriated the BNA Act, the Royal Proclamation was intact, and is reaffirmed. So that means that in the Arctic development shouldn't be going ahead and in Labrador, large parts of Quebec, British Columbia, the Atlantic, ironically, parts of Ontario development shouldn't be going ahead. But that's not what's happening. I come from one of those areas. The land is being used as if the native people have already ceded the land to Canada and we're not directly benefiting from it. So those things must be dealt with earnestly. It is not good enough any more to have pious statements that one day, we will deal with these things. The time has to be now. We've got to be serious. The Prime Minister must, in a Speech from the Throne, clarify the promises he made on September 25th. And part of that has to be a process to truly recognize the self-government of native people.

The promises that were being made to the Mohawks were empty.They were told as soon as the guns were put down, the sovereignty of the Mohawks would be directly negotiated. That's not happening at all, and there is no process anywhere in the country to look at how Canada can accommodate the native people and their original sovereignty. That must take place.

We envisage a different Canada. We envisage a Canada where there will clearly be land being governed by native people. And if you enter that land, it will be like entering another political entity. It will be like driving from Saskatchewan to Alberta, and now you are under Alberta's laws and regulations. It will be like that when you enter First Nation governmental soil. It will not have to be a threat. It will not have to be the break-up of Canada. It is not what we envisage at all.

We also envisage ways in which the institutions of native people would complement the institutions of Canada. We want our own justice system. We want to suggest ways to improve the Canadian justice system, but we want our own justice system. And we expect, like the United States again, that there will be much that we will have as our own area of competence. Our final appeal will be a native court system. But, also like the United States, we expect that many matters, particularly those matters that will affect both native people and non-native people, will go to the Supreme Court of Canada as the final Appeal Court. So we definitely see a way to complement Canada. We're not trying to get out of Confederation. We never were a part of it. We're still knocking on the door. Let's hope we get a wonderful reception when the door is open. Thank you.

The appreciation of the meeting was expressed by Dr. Reginald Stackhouse, President, Stackhouse Consulting Incorporated; Member, Canadian Human Rights Commission; Author and a Past President of The Empire Club of Canada.

December 6, 1990

Tony Macoun

Director of Pearson College

PEARSON COLLEGE

Chairman: **Harold Roberts**
President

Introduction:

“How can there be peace without understanding each other, and how can this be if they don’t know each other?” So said Lester B. Pearson in his Nobel Peace Lecture in 1957.

Not so long ago when society in general was interested in the space programme both in the Soviet Union and the United States, we used to sit in front of our T.V. screens and watch the launch of each rocket. The disastrous shuttle explosion re-awakened our interest, but generally, like so many things in life, space flights are taken for granted.

I remember in those early days that one of the factors that contributed to the anxiety of the delays was the “window factor.” This was especially true during the Apollo Programme when going to the moon required the departure of the shuttle while the earth and moon were in certain proximity to each other. If the launch was too late the meeting could not occur and the flight would have to be cancelled.

These thoughts occurred to me as I was reading material on Lester B. Pearson College of the Pacific. This College, part of an association of seven United World Colleges, provides an opportunity for young men and women to meet people from around the world and to earn an International Baccalaureate in a two year programme. It is located in beautiful surroundings on a campus on Pedder Bay, 29 kilometres from Victoria on Vancouver Island.

To quote their own brochure, "The College promotes international understanding by creating an environment in which students from many countries are brought together in study, in recreation and in service to the community."

The College considers applications from youth between the ages of 16 and 17 and a half. This is the basis for my thoughts about windows of opportunity. Having read the information on the College I thought it would have been a fantastic place to study. But I have long since missed the window of opportunity.

Our speaker today is the Director of Lester B. Pearson College, Mr. Tony Macoun. He was born and raised in East Africa, educated in England and holds a Masters Degree from Oxford. He spent two years as an administrator in the New Hebrides (now Vanuatu) in the South Pacific before returning to England to teach at the Stowe School.

In 1974 he came to teach at Ashbury College in Ottawa. While at Ashbury, he was Director of Studies and became actively involved in the International Baccalaureate programme. From 1981 to 1986 he was Headmaster.

In 1986 he assumed his duties as Director of Pearson College. He and his wife Ann now live on that beautiful campus.

Tony Macoun:

Thank you very much indeed. It's a great pleasure to be here. It is a little intimidating having my chairman right beside me and members of my board, so I'm going to have to behave myself. And I also have Hamish Simpson here, my predecessor, so I'm also going to have to be honest and tell the truth.

The United World Colleges. The key words we have related to the United World Colleges are *peace* and *international understanding*. In the 1950s and '60s these words were linked with the superpowers, the arms race, nuclear war, freedom and independence from colonialism, among others. In the 1990s, our attention was focused on human rights, conflict resolution, environmental issues. And in the next century, who knows what wars we will have to rage in order to create a safe and peaceful planet.

The story of the United World Colleges is a story about how an individual can make a difference. The individual can contribute towards helping to solve the problems and issues of this world. Each of us, in fact, has a responsibility to do so and this is the message that we carry to our students.

Looking around this room, I know some of you are very familiar with the United World Colleges. Many have only a limited knowledge, so perhaps you'll forgive me if I go back to the beginning and tell you how it all started. As with all good things, in the beginning there are good ideas and the good idea in this case came from a prominent educator named Kurt Hahn who fled Germany in the 1930s. Kurt Hahn was one of the founders of various educational organizations — the Outward Bound Movement, the Gordonstoun School in Scotland and the United World Colleges. His idea was that people who meet challenges together, both intellectual and physical challenges, learn to see each other as individuals rather than as members of alien cultures. Only then can they understand each other.

After the Second World War, as people struggled to find ways to prevent future conflict, Kurt Hahn, with others, founded the first United World College, Atlantic College in South Wales. They founded it with the idea of bringing together students at an impressionable age — that is in their late teens — not too young so that they would be homesick — not too old so that they would be frozen in their thought processes — young people who knew their own culture, their own system, yet were still open to new ideas. These students would be brought together for two years to work and serve and learn together, a great experiment in international education.

Atlantic College was opened in South Wales in 1962 and was visited by many who wanted to see this new idea in action. One of the famous people who went there in the early days was Lester Pearson after he won his Nobel Peace Prize. As a diplomat and a man of peace, he had studied the question of international conflict all his life. He had come to the conclusion that conflicts begin and end in the minds of men therefore, if you're going to attack this question of conflict, you have to reach it through the minds of men and women. He saw Atlantic College as a place that was doing something about this. It was not a place of guns and machines and tanks and buildings and diplomats and spies, but a place of ideas. He came away convinced that we had to expand the system of colleges started by Atlantic College. Mr. Pearson wanted one in Canada and, in particular, he wanted one in British Columbia. Why British Columbia? — because he felt that what we really needed to do was to open an intellectual window on the Pacific. That was the concept. Mr. Pearson died in 1972 not knowing that the college was going to be built and not knowing that it was going to be named for him. After he died, it was chosen as a memorial to him. There were of course others, but it was to be the principle memorial to him and a lot of his friends got together to work on realizing this project.

One person in particular, Senator John Nichol, became the driving force behind the project and to this day is a vital, active and interested member of the Board of Trustees. He was the Chairman of the Board in 1974 when the college was opened to admit its first 100 students under the directorship of Jack Matthews. They had chosen a truly beautiful site on the shores of a beautiful bay in the south end of Vancouver Island — not too far from Victoria, but not too close. This is how the college came into being. Today, some 16 years after its opening, we have a well-developed campus in a beautiful setting, accommodating 200 students from 74 different countries, and from every province and territory in Canada. Twenty-five percent of our students are Canadians — one in four. All of these students come to us for two years, having completed grade 11, for what we would call in North America the last year of high school and the first year of university. But you have to appreciate that the language of the college is not North American, since the students come from 74 different countries. Most of them arrive at age 16 or 17 and the college offers them an international curriculum, the international baccalaureate which is a program based in Geneva, Switzerland. This broad liberal arts program diploma enables our students to gain entry to universities around the world. In North America, if they do well, they go directly into the second year of university. However, academics are not all that we are involved in and, in fact, students come with a great deal of passion for the other side of our program. We are actively involved in a highly organized program of service to the community, with outdoor activities relating to the environment, both on land and sea.

The students come for two years, not for their whole educational program. Our purpose, in part, is to upset their way of thinking and show them that there are other ways of functioning and doing things. But after their two years, we expect them to return home and share what they have learned. In many cases, they have to make considerable adjustments in returning home to the old systems that they were brought up with.

From the beginning, the overriding principle has been that the students should be selected on merit only — on a competitive basis without reference to their colour, creed, sex or the economic well-being of themselves or their families. It was deemed to be vital that lack of money would not be a barrier to entrance to the United World Colleges. At Pearson College, all of our students attend on full scholarship. Around the world, and in each province and territory in Canada, we have our own selection committees which represent us to promote and receive applications, interview and select the students who are to come to represent their region, their country, their district. Our students, therefore, are indeed representatives and we are dealing with an exceptional group of youngsters from a tremendously varied range of backgrounds.

Now, all I've said so far could easily have been gleaned from the publication about Pearson College or the United World Colleges. My purpose today is to try to give you some sort of sense as to what it is like to live and work with people from 74 different countries. Just how significant it is that these young people have been selected from places as far apart and as diverse as Norway and Eritrea, Argentina and China, Greenland and the Philippines. In each room in our residences, we have four students — one Canadian and three others from three different continents.

Imagine for a moment the chemistry that exists between the four students living in one of the rooms, which this year has, for example, an Ontario Scholar from Ottawa, who shares with students from Pakistan, Bulgaria and Swaziland. I am indeed envious of them for the kinds of conversations and relationships that develop when you get this kind of group together — full of ideas and striving to make sense of this world of ours.

In another room, we have a student from Hastings, Ontario, and I notice that he shares with students from Bhutan, Senegal and Panama. As those of you who are married know, when you are living together it is not simply the differences in religion, culture and clothing that matter, but such fundamental issues as when do you go to sleep, who's going to look after the garbage, and how high should the heating be turned up on a winter's night. Yes, living together in residence is probably one of the most important learning experiences our students have and truly a vehicle for learning to understand others.

The contrasts of the college are sometimes staggering. Most of our students come for the first time out of their country and away from home. They face an awesome journey across the world in order to arrive finally in our peaceful haven on the south shore of Vancouver Island. Many come with a very limited grasp of English. We spend two weeks at the beginning of the year in an orientation program to help them in their adjustment. I well remember about three years ago the arrival of our first student from Lesotho in southern Africa — a small country completely surrounded by South Africa, a mountainous region. And Leonia came from an isolated village in the mountains. She learned that she had won a scholarship to Canada — the first time she ever heard about United World Colleges — when she heard it announced over Radio Lesotho. In her first week at the college I went out with her and some 20 other students in a boat to an ecological reserve. I noticed as we travelled out that she looked quite terrible — pale, withdrawn. I didn't want to draw attention to her in front of the others, but as soon as we got on the island, I went across to her and I said quietly, "What was the trouble?" She turned and she said, "Oh Tony, you've been to Lesotho. You are the only person who would understand. We don't have any sea or lakes in Lesotho. I've never seen a boat before let alone go in one. I was absolutely terrified."

Many of our students have very few material possessions. A young man joined us this year from an African country. He walked onto campus in the only footwear he had — a pair of flipflops. We had to have a system for providing such students with clothing and shoes in order to cope with such needs. They come from very diverse backgrounds. A young man this year from Greenland has a Danish mother and an Inuit father, and his family are fishing people in a small community of 400 in western Greenland. At least three of our Canadians this year are from farming communities — a dairy farm in Alberta, a beef farm in Saskatchewan and a honey farm, a bee farm, in Manitoba. We have refugee students — Palestinians from West Bank, Eritrians from camps in the Sudan and blacks from South Africa. Many have never been out of their local district, be it in Slavinia in Czechoslovakia or Oyer State in Nigeria, in the Himalayas in Bhutan or Beijing, China.

The last 18 months at the college have been extraordinary as they have been around the world. We feel the events of the world through the presence of our students. June 1989— China, Tiananmen Square. Will our Chinese students be allowed to return? My telephone was ringing off the hook. Are they safe? How do we reach them? They did, in fact return. But they had real concerns. When they have completed their program with us, should they go home? And if they don't go home, what about their families? How will they be affected?

November 1989 — Germany, the Berlin Wall. At the time, our German students really felt that they were missing out on history by being in Canada and, of course, they were. Today, we can debate with those same students the unification question. And interestingly, most of our German students at the college are, in fact, opposed to unification. On the day of unification last month, they all dressed in black. South Africa and the freeing of Mandela in 1989-90 — the ANC national anthem became the favourite song for our choir and was the concluding song at all of our concerts. We have South African students of black, white and Asian origin at the college. It has, indeed, been an interesting, emotional and confusing year for them and for us.

The Gulf crisis. A few weeks ago, we learned that a former student, a Japanese student, was one of Sadam Hussein's guests. Our students heard of this and they wanted to take action. They wanted the college to send letters and telegrams to governments and embassies seeking his release. Fortunately, I suggested caution and we talked about it a bit and, much to their surprise, not everyone in the community at Pearson College was condemning Sadam Hussein. In fact, two of our Palestinian students have his picture on the walls in their rooms. It is, indeed, good to have their viewpoint in our midst and I am pleased to say that the Japanese former student has been released. And then, of course, there is Eastern Europe. Our students today include representatives from Bulgaria, Czechoslovakia, Hungary, Poland, Yugoslavia and the USSR.

It has been fascinating. It has been worrying and it has been emotional to live with these people through these last few months. I think it's very important for them also to be able to see their countries from the outside and from our point of view. Of course they have done a great deal to help us to understand what is happening. As I said earlier, we are a group of seven colleges around the world and, of course, each of the colleges has a similar remarkable mix of nationalities and the same kind of stories to tell. There are plans for more colleges in the future. The present seven, however, can really be divided into three groups. There are four colleges of the Pearson College model — that is, two-year residential colleges catering to students on scholarship between 16 and 19 years old who are studying the international baccalaureate for entry into university. Those four colleges are Atlantic College in South Wales, the College of the Adriatic in Italy, Pearson College in Canada and the College of the American West in New Mexico. There are two other colleges, one in Singapore and one in Swaziland, that are full international schools catering to primary and secondary levels, but in their last two years, they have some 20 or so United World College scholars. Thirdly, there is our seventh college in Venezuela which just last year became a full member. It provides post-secondary programs in farm management and rural development. It's a very different model.

Each college is autonomous and responsible for its own funding and management, but we do have an international board and a head office in London, England. All of the colleges share a common philosophy. We bring people together from all over the world to learn about each other. All of our students are involved in service programs; service to the community, social service, community service, working with handicapped, working in the hospitals, visiting old people in their homes, providing wood to the old people, teaching the disabled to dive and to swim. We work, in fact, with some 20 different agencies in the Victoria region. This service also includes learning skills such as firefighting, mountain climbing, first aid and using those skills to support your own community and also work within the surrounding community. Everyone at the college is actively involved in such services. Rather than competition through sport, we use service as a vehicle for teaching students to contribute and to grow, to develop teamwork and learn commitment.

Our aim, therefore, is to teach these young people to work together, to be tolerant, thoughtful, considerate human beings, to contribute through service both to their community and to those less fortunate than themselves.

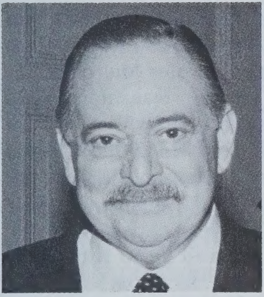
We are entering an era where we need global interdependence without parallel in history. With a real sense of urgency, we really do have to learn how to get along with each other. We are interdependent. We do need one another. No man is an island. It was Ghandi who said, "I do not want my house to be walled in on all sides and my windows to be closed. I want cultures of all lands to be blown about my house as freely as possible, but I refuse to be blown off my feet by any." So it is with us. Over their two years at Pearson College, our students do indeed share the cultures of all lands, but we do not see this as a two-year experience. We see it as a lifetime experience. Our graduates — some 1,400 from Pearson and over 10,000 from all of the colleges — are out there all over the world sharing what they have learned and contributing in so many ways. Some of them are with us today.

Yesterday I was in Manitoba and I was asked a question by someone in the Ministry of Education which I foolishly had not prepared myself for and the question was "What has happened to the Manitoban graduates?" And so, off the top of my head, I said, " Well I'm sorry. I haven't got a list for you, but there's Liz. She went off after she finished at Pearson and did a year in Taiwan with a Mennonite mission, teaching English. Then there's Anna. She spent a year by herself hitchhiking around South America — amazing — and is now studying at the University of Winnipeg. And then there's Lorraine, who works as a radio broadcaster with the CBC and spent the summer behind the barricades at Oka. And then there's Robin. Of course, Robin went off to France last year to learn French. And David's doing archaeological research in Norway. And then, of course, our real star was Allison who, after she finished her first degree, went to Sri Lanka and, last year, won a Rhodes Scholarship. The man from the Ministry of Education threw his hands in the air and said,"Enough. Enough. I am convinced."

It is difficult to quantify what our graduates have done. It is a personal thing and they go out and contribute in their own ways. But they have a commitment and a feeling such as I have never encountered before with graduates. As I said earlier, in 1957, Mr. Pearson gave his famous quote on receiving his Nobel Peace Prize, "How can there be peace without people understanding each other and how can this be if they don't know each other?" We hope that the United World Colleges can make education a force to unite nations and peoples in ways suited to the needs of our changing times.

In closing I'd like to invite you to visit us at Pearson College when you are next on the West Coast and see it in action. To understand this unique institution, it is necessary to come and see it through the eyes of our students. I'd also like to add my hope that you in your daily endeavours do all that you can do in your own way to stamp out the bigotry and hatred in this world, and encourage harmony and a concern for others. Remember — each of us can make a difference. This is our mission and I hope you are with us. Thank you very much.

The appreciation of the meeting was expressed by Tony van Straubenzee, President, van Straubenzee Consulting and a Past President of The Empire Club of Canada.



December 11, 1990

A joint meeting of The Empire Club of Canada and The Canadian Club of Toronto

Jacques Parizeau

Leader of the Opposition, Province of Quebec

WHAT DOES SOVEREIGNTY-ASSOCIATION MEAN?

Chairman: **Harold Roberts**
President of The Empire Club of Canada

Introduction:

When I dropped my wife Jan at the train this morning she gave me three words of advice..."Harold...be civil."

You see my wife understands me and knows that in spite of having limited exposure through travel and in spite of being unilingual, I am Canadian. Le Canada, c'est mon payé. I suspect I don't stand alone when I say I see the political philosophy of our guest today as somewhat of a threat to my country.

However I will be civil.

It is the mandate of both The Empire Club of Canada and The Canadian Club of Toronto to provide a platform for discussions of national interest. And certainly M. Parizeau's political platform, whether we like it or not, is part of the Canadian fabric, so we had better hear it.

M. Parizeau has spoken to The Empire Club on two previous occasions, in 1977 and 1984, I believe as Leader of the Parti Quebecois and Leader of the Opposition in the Quebec National Assembly. He is already known to our audience.

In the aftermath of the failure of the Meech Lake Accord, our nation has been thrown into turmoil. Within Quebec, Premier

Bourassa has established the Belanger-Campeau Committee to hear views on Quebec's constitutional future. The results of its findings are to be presented by March 1991. Prime Minister Mulroney has similarly established a Committee under the Chairmanship of Keith Spicer to gain a similar national picture by July of '91.

What do Canadians want? That is the question. One thing is certain, status quo is not an option. Gary Lautens of the Toronto Star last week wrote: "What are we missing?" Tell us, Jacques Parizeau. You have a fine education. You wear expensive suits. You've held high office. You know wine and good food. You travelled. You have a solid roof over your head. So tell us where has Canada let you down? How have you suffered as a Quebecer in this nation? What are we missing?"

Well M. Parizeau, there are many Canadians who are concerned and want to understand and want to find creative answers to our current problems. Your address today hopefully will give us some insight and maybe even some answers.

We welcome you today to address us on the topic "What does sovereignty - association mean?"

Jacques Parizeau:

After the referendum of 1980 in Quebec, common wisdom was to the effect that sovereignty as a political goal had receded and that for a long time to come, say a generation, the issue would fade away. It explains why, during the 1981 negotiations to patriate and amend the Canadian constitution, the awful risk was taken to go over the head of Quebec, and set up a constitutional text that withdrew from the Quebec National Assembly powers that had traditionally belonged to it. In hindsight, one realizes now that this was a turning point.

Undoubtedly the Liberal government elected at the end of 1985, is a federalist government. It must somehow bring Quebec back to the constitutional fold. It must try to close the chapter that has brought so much turmoil among Quebecers. The Quebec government gambled. It assumed that if it asked from Canada minimal conditions, Canada would respond readily and accept. Political authorities in Canada responded in fact with alacrity. The Meech Lake Accord was signed.

It had to be ratified. Finally, it was not. Public opposition to the deal grew. Two premiers became the standard bearers of a number of Canadians in all provinces. The Premier of Quebec had gambled, the Prime Minister rolled the dice, all to no avail. It is fashionable nowadays to say that it was not on constitutional issues that the Meech Lake Accord floundered, but because of the rigours of the amending process. In other words, Quebec was not rejected by Canada, it was some silly provisions of the 1982 constitution regarding the amending process that caused the snafu.

Maybe we should simply recognize that the Meech Lake Accord was the real last chance for a compromise between two broad political visions of Canada that gradually veered towards a collision course.

The 1982 constitution and particularly its Charter of Rights clarified the concept of fundamental equality of all Canadian citizens. And if all Canadian citizens were equal, the constitutional expressions of their differences had to be somewhere, somehow also equal. Thus that provincial governments should have similar powers and responsibilities is a logical outcome. And the triple E Senate proposal expressed the same preoccupation.

Nothing can be as foreign to Quebecers as such principles. For years, irrespective of the governments in power, Quebecers felt and acted differently. For cultural and linguistic reasons, there is not the slightest chance that they accept all that a Canadian Charter of Rights implies. It is not that for them rights and obligations are any less important than in Canada. But there must be a place for differences. The distinct society clause was a way to go about that, quite insufficient as far as I am concerned. But it was the pith and substance of the Quebec government gamble.

In the same way, there was not the slightest probability that Quebec would renounce specific powers as a province or accept the triple E Senate. Quebec is not a province like the others, as all children learn before playing Atari or Nintendo.

Be that as it may, we are now faced with a substantial increase in the support given by Quebecers to the notion of sovereignty. Never in the past has anything like this kind of support been witnessed. It is fanned, undoubtedly, by the lifting of the traditional economic objections. That business circles start to state clearly that sovereignty is feasible, that it might have some advantages, has a noticeable impact on people who might have had a sovereignist gut reaction but were downright afraid of the economic consequences.

In that light, two briefs presented to the Constitutional Commission are noteworthy. The one presented by the Chamber of Commerce of Quebec is remarkable. Without taking a position on the constitutional question, it describes what would be the preferred economic environment for Quebec business. That environment is such that, should it be realized and extended to all provinces, the federal government would lose about two thirds of its various spending programs (excluding the interest payments on the debt).

The second brief is that of the Mouvement Desjardins. It is now the largest financial group in Quebec. It has 4.5 million members regrouped in cooperative structures and close to $45 billion in assets. Nothing is as typical of the real Quebec of today. Its call for the sovereignty of Quebec was a sort of political earthquake.

The Constitutional Commission is in itself a formidable precedent. For the first time Quebecers are called upon to determine their future by themselves. Both political parties agreed on this fundamental meaning of the exercise.

Of course federalists are not yet an endangered species in Quebec, but they operate at a considerable disadvantage in the present debate. They know that any change in the Canadian federal system would have to be substantial to have any chance of being accepted by a fair number of Quebecers. Can this approach have a sporting chance of acceptance by Canada since, only six months ago, the very minimal requests of Quebec were thrown out? For them something very imaginative has to be found to get out of that trap. More imaginative at any rate than the Prime Minister's suggestion of a joint committee of the House and the Senate to propose changes in the amendment progress.

The Premier of Quebec came up with one such imaginative formula, in the form of drastic transformation of the Canadian political structure, something to shake all Quebec federalists out of their torpor. Falsely inspired by the European model, or more to the point, by what the most rabid of Europeans dream about for the 21st century, a supranational Parliament and a supranational government would handle not only the significant economic policies, but national defense and external affairs, as well as the public debt charges. These supranational institutions would rule over Quebec on the one hand, and the rest of Canada on the other.

This, of course, raises a problem. If the "rest" of Canada presents itself as only composed of nine provinces, what is proposed is simply a reshuffling of sections 91 and 92 of the old BNA Act embodied in the Canadian constitution. The supranational institutions are in fact the present federal parliament and government. We are back to square one.

Thus, the "rest" of Canada must also have its government, just as Quebec has one. English Canada would therefore adopt a three tier system of government. The nine provincial governments would set up their own federal government, above which the supranational parliament and government would rule on the one hand, and above the Quebec government on the other. Canada as a whole would accept these sweeping changes just to keep Quebec happy.

Of course the contraption will never fly. It is a mystification, an abusive reading of the European situation. No wonder it has hardly been mentioned in the discussions of the Constitutional Commission.

So we are back to sovereignty and to sovereignty association. We have now reached a point where even those who in no way share these objectives must start figuring the probabilities. Never in the past has it been so important to be precise about what is meant by those terms. Emotions are an essential part of life but a few clear ideas do help occasionally to focus on the issues.

For a country being sovereign implies that:

A) All taxes paid by its citizens are raised by its parliament.

B) All laws applicable to its citizens within its boundaries are adopted by its parliament.

C) All treaties that bind this country to other countries are ratified by its parliament.

That is the very basis of the sovereignty of a nation. Indeed all kinds of ways exist to delegate elements of sovereignty to international institutions and nowadays this delegation is spreading rapidly. The second half of the twentieth century will probably go down in history as having made this major discovery that countries, even small countries, can exist and flourish in markets which are very much larger than their political boundaries. The global village is not the cause of that discovery. It is its result.

We also know that for individual countries to prosper in very wide markets, liberalization is a continuous inducement to increase productivity and to upgrade quality, therefore competitiveness. This, Quebecers understood certainly more intensely than Canadians during the great debate over the Free Trade Agreement with the United States. It came as a surprise, and sometimes as a shock in English Canada, that in Quebec, the agreement ceased to be a partisan issue, and that both political parties put as much pressure as they could to support the federal government in its negotiations.

In economic terms, the future of Quebec will be determined on the North American continent and abroad. Half of everything that Quebec produces is exported. Inward-looking policies and protectionism would be absurd answers to the questions of the future. It is in that light that one has to examine the whole concept of economic association with Canada. Let us first start with what some people still feel are formidable obstacles to any mode of economic association between what would be two countries.

The first argument usually runs along the line that Quebec's contribution to the financing of the federal government is so much below what the federal government contributes to Quebec, that Quebec would need, in order to maintain its standard of living, large federal subsidies after it has become a sovereign nation. No red-blooded Canadian will ever accept that.

And indeed he should not. There is no need for such transfers anyway. There are presently two estimates of what Ottawa pays to Quebec, and what it gets from it. One estimate shows that Quebec, after gaining much at the turn of the last decade, has been losing in the last few years and losses, although not very large, are growing. Another estimate shows that Quebec still gains although not much, but that the gains are dropping like a stone. The only difference has to do with the methods of accounting for federal interest payments in each of the provinces.

The second argument has to do with the federal debt and can be summarized this way: if these people think that they can run away from Canada without shouldering their part of a debt that was incurred in the name of all Canadians, they are in for a surprise. This kind of reaction is widespread these days and is also, for me, quite a surprise. For twenty years, the Parti Quebecois has been saying that when sovereignty becomes effective, Quebec will be responsible for its share of the Canadian public debt and entitled to the same share of assets. What share? There are really two criteria to use: population and gross domestic product. We will, I suppose, haggle for a few weeks before we come to something like a quarter.

There will be some adjustments made; for instance all debt pertaining to the Canada Pension Plan does not have to be shared by Quebec since it was never part of the Plan. There will be problems of evaluation, for instance with respect to federal fixed assets that are carried on the books at one dollar. In other words, operations can be numerous and complex, but the concept is pretty straightforward.

Some people, however, cannot keep it simple. Recently an analyst for one of Quebec's largest investment dealers, came out with what he thought would be an unforeseen complication. How long would it take for the markets to absorb the tens of billions of dollars of Quebec securities to replace Quebec's share of the federal government's outstanding debt? But why should anything like that occur? The fact that Quebec shoulders a quarter of the federal debt does not mean that a quarter of all federal debt vehicles be replaced by Quebec vehicles. Why on earth for?

This leads up to the concept of economic association proper, and the question can be stated in the following way: what should be maintained of the Canadian economic space, as it is now articulated? There is no doubt, when listening to the briefs presented to the Constitutional Commission, that nobody sees merit in disrupting the Canadian economic space. But what about the rest of Canada? How will they react? At that point, one has to go into specifics.

The first question that comes up has to do with the free flow of goods, services, money and people. One would assume that given the rules set up in the U.S. — Canada Free Agreement, nobody in his right mind would imagine that free trade of goods and services would be achieved in a North-South direction but not in an East-West one. As far as money is concerned, one would have a hard time imagining that it would flow freely between Montreal and New York and Toronto and New York and not between Montreal and Toronto.

It is with people that one can really raise a problem. It usually starts on the issue of those who live on one side of the Ottawa River and work on the other. Not with respect to the civil service. Quebecers who work for the federal civil service will be absorbed in the Quebec civil service. It has to do really with the private sector. What happens, for instance, to those people who live in Hull and work for private business in

Ottawa? The problem is much wider than this border situation and it has to do with the fact that Montreal and Toronto live like each other's economic suburb. Numerous companies of a certain size have a head office in one city and their largest branch in the other. It is in the interest of both that the labour force and particularly the first rungs of management be kept fairly mobile. And Canada has too much experience with tax treaties for fiscal problems to be an issue.

Should Canada and Quebec keep the customs union that has existed for so long? In other words, if there should be two countries, should they keep the same customs duties with respect to third countries. One can already hear the loud protest of some. Why should Canadians accept the tariffs that protect some of the older industries of Quebec or the maintenance of quotas on some agricultural imports? That indeed is only part of the story, and leaves aside the fact that Ontario, in many instances, has the same interest, or that many Western agricultural producers have a vital need to preserve their markets in the East.

Be that as it may, an answer will have to emerge rather rapidly. If the customs union is maintained and in the affirmative, what kind of role will be recognized to Quebec on the definition of elements of a common commercial policy, with respect to GATT particularly?

The question of the maintenance of a common currency and a common monetary policy is an important one. Technically, the introduction of a distinct Quebec currency does not raise major problems, particularly in so far as Quebec affirms its intention to respect all previous financial commitments, which obviously would be the case. But even if Quebec had its own currency, the question of a common monetary policy would still have to be raised.

It is understandable that Quebecers by and large would find it more comforting to keep the Canadian dollar as their currency and, in spite of the criticism often levied at the monetary policy pursued by the Bank of Canada, would thus prefer to maintain a common monetary policy, if they could have some say on the way it is run. The same can be said for Canadians, who may often have qualms about the way monetary policy is conducted, but will have few doubts about the instability that the appearance of a Quebec currency and an independent Quebec monetary policy would bring to the Canadian dollar. This is particularly true if one takes into account the large debt in Canadian dollars that Canada would then have to recognize in the hands of Quebecers arising from the distribution of the present money supply and outstanding securities.

The real problem arises with respect to the control over the common central bank. While the unity of direction is essential, there could be a set of benchmarks for mandatory consultations and negotiations, particularly when spreads between Canada-Quebec and U.S. short term rates go beyond agreed limits. Money talks. After Ireland left the United Kingdom in 1921, for twenty years afterwards the pound sterling remained first the currency of Ireland and then the basis of the new nominal currency. God knows if passions ran high at the time.

Economic association will have to be pursued further. Quebec becoming a sovereign country, transportation and communication will be high on the list of Canadian priorities for discussions. Are present arrangements respecting water, road and rail transportation to be maintained? Canada will insist on that and quite rightly so. The same applies to access to the communication links. To do anything else would be silly.

One could go on discussing the maintenance of other economic links. In that sense economic association can be restricted to basics or opened quite wide. It all depends on what is considered to be mutually beneficial. If one side feels that it has no direct interest in a proposal, and that no trade-off is possible, the proposal will be dropped inevitably.

What should be remembered, however, from a Quebec sovereignist point of view are two basic elements.

a) We are not trying to reform federalism. We want to have a real country. All we wish to determine is, among present economic arrangements, which ones are deemed to be sensible to maintain.

b) We are convinced that Quebec must enhance an open economy closely associated with that of its main trading partners, Canada being evidently the first country with which to discuss these things.

From time to time when expressing these two principles, the question is raised as to how secure a sovereign Quebec would be respect to the Canada-U.S. Free Trade Agreement. Would there not be pressures to exclude Quebec from that agreement and thus undermine a most vital part of economic association?

This brings us to the last question I want to raise. That of existing treaties with the United States that were signed by Canada in the name of Quebecers amongst all Canadians. There are two ways to go about this. The first one implies that one by one these treaties are reopened as Quebec becomes a sovereign nation and one by one are renegotiated or cancelled. The second way consists in their reconduction as they are now, an adjustment being simply made for the presence of Quebec when called for. It does not freeze all such treaties for all eternity. When they come up for renegotiation, Quebec will simply be party to the negotiations.

The first way would bring about quite a mess for sometime. If somebody wants to exclude Quebec from the Free Trade Agreement, why would not somebody else want to exclude Quebec from NORAD or from the St. Lawrence Seaway Agreement for that matter. The sensible thing to do is to recognize present commitments by all parties concerned. Some Canadians might find it difficult to accept this approach. I have not met an American who does not recognize its merit. From what I have tried to sketch in this presentation, the following conclusions should, I think, be drawn.

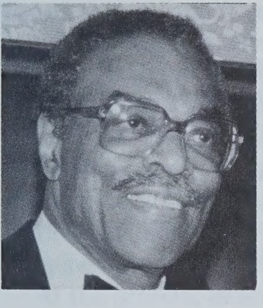
- Firstly, there is now a strong probability that Quebec becomes a sovereign nation.
- Secondly, when this occurs, Quebec will want to live within the liberalized rules of large market spaces, and test its own capacity to prosper, to develop and to grow.
- Thirdly, economic association indeed with Canada, but also beyond Canada, is a logical outcome of where Quebec wants to go.
- Fourthly, Quebec has no historical or political account to settle with Canada. Not now at any rate, not any more. There is enough strength in Quebec today to let what is bygone be bygone. The future is exciting enough not to get bogged down in past irritants and conflicts.

A number of Quebecers have often looked at Canada as a threat or a yoke. Canada has often seen Quebec as a dreadful pain in the neck that prevented Canadians to be the Canadians they wanted to be.

René Lévesque used to compare the Two Solitudes to two scorpions in a bottle. Let's get the scorpions out of the bottle. They might even learn to live side by side in harmony.

The appreciation of the meeting was expressed by Al G. Jameson, President of The Canadian Club of Toronto.

Mr. Parizeau, interest is high in your vision for Canada and Quebec. There is concern over the future of our country. We know we must find a way to move ahead. Obviously, there are alternatives from which all Canadians must choose. You are a highly respected and articulate spokesman for one of those alternatives and we sincerely thank you for bringing your vision to us personally.



December 13, 1990

The Honourable Lincoln Alexander

Lieutenant Governor of Ontario

CHRISTMAS LUNCHEON Season's Greetings from the Lieutenant Governor and Special Performance by the Choir and Orchestra of Grenville Christian College.

Chairman: **Harold Roberts**
President

Introduction:

We are most pleased that for the sixth time in his term of office, the Lieutenant Governor of Ontario, the Honourable Lincoln Alexander, has honoured us with his presence and annual greeting to this Christmas Luncheon. I am especially pleased, in that because he accepted an extension to his term he is able to to be at this luncheon, during my time of office.

As an Aide de Camp to His Honour, I feel a special pride in, and affection for, this man who has served this province with such distinction. I have had the privilege to work "behind the scene" and I must say the demands of the Office are at times, almost inhuman. And yet throughout his term, His Honour has, day after day, approached the vocation with dedication, humour and great warmth. He is a man of the people. It is often an emotional experience to attend a function at a school with him. The young people hang on every word. He has lived and advocated the great ideal that the highest office in the Province of Ontario or any high office is open to all persons who through hard work and perseverance aspire to it.

His Honour is impressive wherever he goes. He is much loved and he deserves it.

Ladies and gentlemen, please welcome the Honourable Lincoln Alexander, Lieutenant Governor of Ontario.

Lincoln Alexander

Mr President, Reverend clergy, distinguished head table guests, ladies and gentlemen.

I want to say how delighted I am to be here with you again. It's a wonderful tradition that this Club follows in terms of seeing to it that the Lieutenant Governors grace this wonderful hall. I've had a lot of fun. You're very warm and you have always received me with open arms. I see the choir there, the youth, the future. The only thing I can tell you about success is it calls for hard work. If you continue to believe in yourself, have the confidence in yourself, work hard, then every dream you have will become a reality.

I want to thank the audience of this Club, particularly the members. I guess this is the second time you've been out this week. Well, that's what you call appreciation of leadership. I want to thank you for being here and you will notice that I have my tie on this afternoon. Every time I have been here, somebody's complained and said, "Look Adam, he's back again without our tie." I looked high and low for this tie. I started yesterday, found it this morning, and here I am.

Well, Mr. President, I want to thank you for those kind words, but I also want to praise and commend you. I see that you wear three hats: you're a very distinguished man of the cloth, you're a very competent aide de camp, and you're the president of this Club. So, it seems to me that the busier a person becomes, the more famous and the more wanted and the more excellent that person becomes. So, I want to thank you for serving in such a magnificent way.

It is always a most pleasant privilege for me as the Lieutenant Governor of Ontario to convey the warm greetings and seasonal best wishes of Her Majesty Queen Elizabeth II, Queen of Canada. My family and I would also like to extend to all of you our best wishes for a safe and joyous festive season and a new year blessed with peace, health, happiness, economic certainty and greater prosperity.

At the present, ladies and gentlemen, the Kuwait/Iraq crisis is certainly on everyone's mind and I join with you in prayer for an early, peaceful and lasting solution. I salute and thank those gallant men and women who now serve in the Persian Gulf, following in the footsteps of volunteers who preceded them. I can think of World War I, World War II, NATO and peace-keeping. Pray for them.

As a representative of Her Majesty, the Queen, and the Parliament of Ontario, I've travelled the width and breadth of this beautiful province for more than five years. As you know, my term has been extended until September 20th, 1991. Accordingly, this will be my final attendance with you as Lieutenant Governor. I remember the last time I was here, I said perhaps that was the last time. This time, it's for sure. You know how it happened. I met with the Prime Minister at the Brazilian Ball — one of the magnificent balls — it's involved with charity. He was looking for me and I didn't want to see him. I knew what he had on his mind. And I talked to my partner — Mummy, as I like to call her. Some people find that offensive, but it is Mum. I said, "At long last, this wonderful job which we love so much will be over and we will now be able to find the Orient Express which you want to travel. I don't know where it is, but we'll try it." Well, the Prime Minister finally caught me. I said, "Well, what can I do for you, Prime Minister, as if I didn't know?" He said, "I'd like to extend your term." I said, "For how long?" He said, "One year at a time." I said, "No, Sir. That's the wrong way to put it. One year only." Here I am and it's a wonderful experience to be here.

I have to say I was delighted. It was very tiring, but you learn so much. And so really, even though I didn't want him to ask me, I am glad he did. But I hope you continue to invite me to your annual Christmas function. I do realize in the future though that there will be no free lunches provided. I've been getting away with murder for the past five years. It's been a wonderful experience.

To be Lieutenant Governor is a very rewarding and unforgettable experience. I have had the privilege of shaking over 200,000 hands. I've made 650 visits and revisits to villages, towns and cities throughout the province, welcomed 68,000 guests in my suite, attended over 3,700 functions and attended some 220 schools. It ain't easy, but its fun.

There is no greater honour in my view than serving the Queen as one of her representatives in this great country of ours. Let me pause for a moment and hope that I don't get in trouble because I'm going to talk about my country. I'm a proud Canadian. I love this country. And indeed, it is a great country, a great democracy enjoying an international acclaim — not perfect. You show me a country that's better or show me a country that's more perfect. You can't do it. But I am concerned about its future. There's a glue which has held this country for 123 years, still strong enough to withhold the pressures of this decade. You know, in the past year and a half, we have witnessed unbelievable social and political change. The eyes of the world have been focused on — the Soviet Union, the Berlin Wall, the unification of Germany, South Africa and now the Persian Gulf. But you know, of course, that those eyes are now focused on Canada and its future as a nation from sea to sea. Canadians — all of us — are at the crossroads.

I cannot go too far with this portion of the speech because if I do, I'll be in the front page of the national paper, but I just want to say it is my hope and my prayer that the glue, however interpreted, holds fast and if it needs a little change in the make-up of the glue, I hope we as people who are concerned about this great country of ours are prepared to see that a new mix perhaps can come forth. I have seen a lot and learned a lot, and believe I am no wiser and more knowledgeable about our wonderful province than all the people who make their economic, political and social contributions. When I leave, I will be the beneficiary of exciting experiences.

I will always remember Her Gracious Majesty when I journeyed to London in 1986. At an audience with her she asked all the right questions to make me feel comfortable and at ease. You know, you're a little intimidated when you find out you're going to have an audience with Her Majesty, but she did not intimidate me. I thought I would be, but I felt part of the extended family. I will always remember the Queen Mother whose warmth and friendship brought tears to veteran's eyes and whose stamina and energy boggles the mind. I felt so inadequate when I was with her. I will never forget Angus Ogilvey, husband to Princess Alexandra who, when in Toronto, invited me to lunch, if I was ever in London. I didn't believe him, but I did have lunch with him in London.

I will always remember a young student who asked me who was the right-handed governor. I have heard that has happened before. It never happened to me until about a month ago. Really. I have heard that saying. And he did ask me, "Where was the right-handed governor?" I have said it before on my last visit, I will never forget the vision and energy of our youth — you exemplify them, you who are on that stage — the determination and strength of the disabled, the generosity of volunteers, and corporate Ontario's commitment to charities. Individually and collectively, all have made a significant contribution to the development and vitality of this province.

Despite, ladies and gentlemen, the many good things I have seen and felt and experienced, I am sure I will share with you some other great concerns of mine — that is racism, and intolerance, and the abuse of women and children. Men's attitudes are ripping holes in the fabric of our society. As Ontarians, many of us like to think of our province as nearly perfect in terms of human relations, however, it would be naive to believe this. In fact, the quality of life of too many people is being adversely affected by racism and intolerance. This should concern all of us. We must sever the shackles of insensitivity, indifference and apathy as we look towards a new year, a new beginning, a fresh start, if you will. We must dedicate ourselves to the fight against racism, intolerance and the abuse of women and children, and to the promotion of justice, equality and racial harmony.

Finally, while we celebrate this holiday season, let us be ever mindful that some are not as fortunate as others and that the spirit of giving and caring should not be restricted to our circle of family and friends. Reach beyond. Go beyond to those who are homeless, who are hungry and lonely, helping others in the true meaning and spirit of Christmas.

I would like to thank you for the support and encouragement which you have given to me and my wife over the past five years. We will always remember the many kindnesses and courtesies extended to us by the people of Ontario and, in particular, by the officers and members of this great organization.

I am singly honoured to stand here as Her Majesty's representative in and for the *Province of* Ontario, to extend to each of you a merry Christmas, happy holiday season and may your every prayer for the new year be answered. Thank you very much.

The appreciation of the meeting was expressed by Robert Watt, Partner, Hetherington, Fallis, Park, Watt and Carriere and Second Vice President, The Empire Club of Canada.

Harold Roberts:

Today the musical programme is being presented by the Choir and Orchestra of Grenville Christian College.

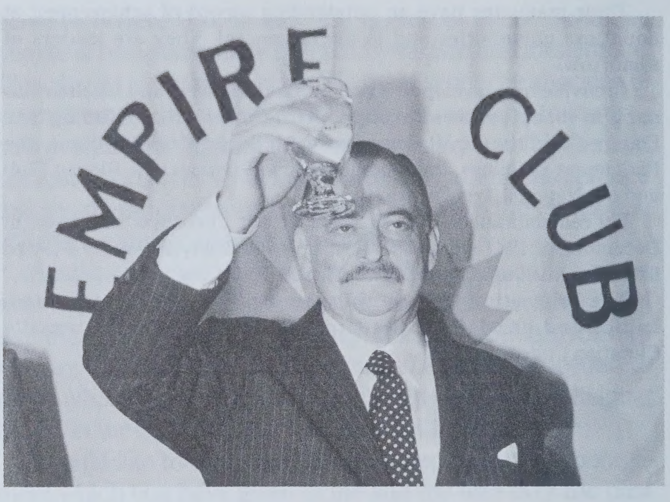
Situated in beautiful surroundings on the shores of the St. Lawrence River, six km east of Brockville, Ontario, this coeducational boarding school of some 250 students offers a varied curriculum from grade 7 to University entrance level.

Their graduates have an outstanding record of achievement at countless universities and in life in general. They are leaders of tomorrow.

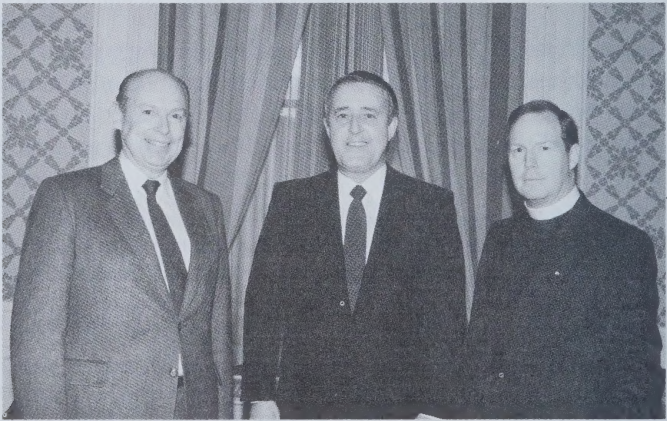
Grenville has developed a rich musical tradition and its choir has sung in many centres throughout the province, including The Empire Club, the Royal Commonwealth Society, the Skydome, the Parliament Buildings, the Canadian Club of Ottawa, the Rideau Club and the National Arts Centre.

My remembrances of their Choir at our Christmas Luncheon in December of 1981 were that they were musically superior, a joy to listen to and sing with, and enthusiastic.

The suggestion to have them return was warmly accepted. Ladies and gentlemen, the Orchestra and Choir of Grenville Christian College.

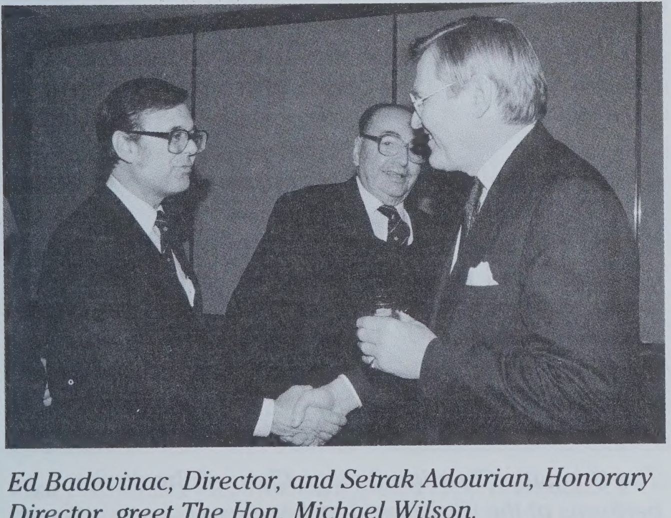


Jacques Parizeau toasts "La Reine du Canada."
Photo credit: Boris Spremo, the Toronto Star.



Club unity for national unity. Left, Al G. Jameson, President of the Canadian Club of Toronto, The Rt. Hon. Brian Mulroney, Prime Minister of Canada, Harold Roberts, President, The Empire Club of Canada.

Finance Minister Michael Wilson has just signed the Speakers' Book, which contains the signatures of all speakers at Club luncheons.



Ed Badovinac, Director, and Setrak Adourian, Honorary Director, greet The Hon. Michael Wilson.

The President with Edmund de Rothschild, Chairman CARE Britain Corporate Council and Past President, Nona Macdonald.

The Grenville Christian College Choir of Brockville performs at the Christmas luncheon.

EM CLUB
ANADA

The Hon. Lincoln Alexander, Lieutenant Governor of Ontario, and President Harold Roberts at the Christmas Luncheon.

Past President Peter Hermant greets New Brunswick's Premier Frank McKenna.

His Holiness the Dalai Lama and Angus Scott, Club Director.

The Dalai Lama, Sonja Skill and Bart Mindszenthy, Club Director.

Past President, Tony van Straubenzee, President, Harold Roberts and Tony Macoun, President of Pearson College.

Willis Blair, Club Secretary, discusses the Head Table list with Georges Erasmus, National Chief, Assembly of First Nations, and Susan Ing, Commissioner, Metro Toronto Police Commission.

Two Jackmans and Jacques. Jacques Parizeau, Leader of the Opposition, Quebec with Club Director, Eric Jackman and Father Edward Jackman.

Keith Spicer, Chairman, CRTC, Norman Jewison, Film Producer and Director, Yorktown Productions and Hershell Ezrin, Second Vice-President.

The Rt. Hon. John Turner, Roland Lutes, President-Elect of the Canadian Club of Toronto and the Hon. Robert Nixon, Treasurer of Ontario.

John Band, father of Past President, Sarah Band and Ted Rogers, President and CEO, Rogers Communications Inc.

Goodman and Legge. Two prominent and entertaining lawyers.

Dr. Ian Macdonald, President Emeritus, York University meets the incoming President of the Unified Germany, Richard von Weizäcker. Unification occurred one month later.

Harold Roberts, Sir Denys Henderson, Chairman Imperial Chemical Industries, Matthew Barrett, Chairman, Bank of Montreal.

Past President, Harry Seymour, John Fisher, President and CEO, Southam Inc., Donald Fullerton, President and CEO, CIBC, Dr. Brian Segal, President and Vice-Chancellor, University of Guelph.

Hugh Segal, Chairman TACT Inc. and Past President Harry Seymour.

The Hon. Mr. Justice Joseph Potts, Past President, Gordon Steele, Club Director, The Rt. Hon. Roland Michener, Past President, Peter Hunter, Director, Empire Club Foundation.

Past Presidents, Nona Macdonald and Sarah Band and Mary Byers, Director.

FROM SEA UNTO SEA

Joe Armstrong, Author of "Champlain" and "From Sea Unto Sea", Preston Manning, Leader, Reform Party of Canada, Mary Byers, Yearbook Editor

Happy beginning for the new Premier of Ontario, The Hon. Bob Rae.

Robert Watt, Vice-President, John MacNaughton, Chairman, Empire Club Foundation with Prime Minister Mulroney.

Generals deep in thought. L.Gen. Fred Sutherland and Maj.-Gen. Reginald Lewis.

Youth Day. The Hon. Barbara McDougall with Kevin James, Upper Canada College, Aimee Delman, Westdale Secondary School, Hamilton, Adam Richardson, Danforth Collegiate Institute, Jessica Joss, Branksome Hall and organizers of the day.

The President and author and journalist, Diane Francis.

Harold Roberts with author, Maude Barlow.

Behind the scenes.

Willis Blair and Carlyle Dunbar line up the Head Table.

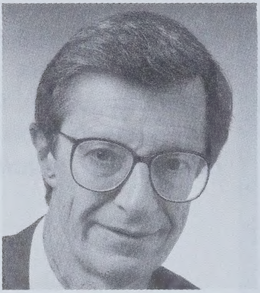
Joe Caterino, Manager Royal York Convention Floor, and Anne Lato, Empire Club Administrator.

The man behind the camera. Bud Riley, Rogers Cable 10.

The photographer is caught having his picture taken. David Junop and the Hon. Barbara McDougall.

Montague Larkin, Director, and William McCormack, Chief of Police, Metropolitan Toronto.

Jan Roberts, wife of the President, and Charlie Francis, coach and author.



January 10, 1991

Louis D. Hyndman

Chairman, Royal Commission on
National Passenger Transportation

HOW YOU'LL GET FROM HERE TO THERE IN 2020

Chairman: **Harold Roberts**
President

Introduction:

"God is in Heaven and all is well." I used to believe that. I used to believe that the world was static and unchanging. I used to see change as very threatening. But things like the holiday season, just passed, show me the error not only of my thinking but of my ways.

Over the holiday season I managed to put on a few extra pounds and now I'm forced to decide between obesity or good health and the need to reduce. And let me tell you reducing is not easy.

It seems to me that this is analogous with the transportation systems in Canada. Through times of change and development the modes of passenger transportation have grown at amazing rates. In 1885 the last spike joined Canada from sea to sea. Since that time, three rail systems have crossed the land; two national airlines have not only tied us together but tied us to the international community; the automobile has become the primary mechanical mode of transportation for a vast majority of Canadians and water transportation is still very much a part of the Canadian scene.

Add to all this the developments of the telecommunication industry and it becomes important to ask, how is the health of our transportation system? Is it efficient? Should fat be trimmed? In what areas ought corrections to be made?

For this reason the Prime Minister in October 1989 called in "the Doctor." In this case a Royal Commission on Passenger Transportation in Canada.

Nine distinguished Canadians were named as Commissioners: Marie-Josee Drouin, Susan Fish, Marc Gaudry, John Hamilton Q.C., William P. (Bill) Kelly C.N.; John F. Helliwell O.C.; J. Maurice Leclair C.C.; James D. (Jim) McNiven; and our guest today the Chairman Louis D. (Lou) Hyndman Q.C.

Mr. Hyndman was born in 1935 in Edmonton. He is a graduate in Arts and Law from the University of Alberta. Although he practised law for eleven years, most of Mr. Hyndman's career has been in the public sector. A member of the Alberta Legislative Assembly from 1967 to 1986, he was Minister of Education, Minister of Federal and Intergovernmental Affairs, Government House Leader and Provincial Treasurer.

He was a member of the Board of Directors of the C.D. Howe Institute, the Asia Pacific Foundation of Canada, and the Governing Council of the Institute of Chartered Accountants of Alberta.

We welcome Mr. Hyndman today to address us on "How you'll get from here to there in 2020."

Lou Hyndman:

I'm delighted to be here in Toronto at the beginning of the New Year.

I want to start with a story from a sector of transportation that's small but buoyant.

Two men set out in a hot air balloon on a trip from Sudbury to Ottawa. After several hours they found themselves lost in a fog. Descending to about 25 metres above the ground, they saw a man standing in a clearing. One of the balloonists picked up a loud hailer and shouted, "You on the ground. We're lost. Can you tell us where we are?"

"I sure can," the man shouted back. "You are in a large hot air balloon painted green and yellow, about 25 metres above ground-level and slightly north east of my position." Then he waved, turned and disappeared into the bushes.

"Well we must be close to Ottawa," said one balloonist, "that guy's connected with the federal government." "How do you figure that?" said the other. " Easy," said the first man. "He answered our question. Everything he said was completely accurate. But we still don't know any more than we did before."

Although the Royal Commission on National Passenger Transportation hasn't reached the reporting stage, our goal is to avoid creating the same impression.

The Commission has now completed the fifteenth month of its scheduled three year mandate, and although there's still a long way to go before we issue our recommendations, I can give you a progress report on what we have been doing and learning in that time.

The mandate we were given in 1989 by the Prime Minister directed us, and I quote verbatim — "to inquire into and report upon a national, integrated inter-city passenger transportation system to meet the needs of Canada and Canadians in the 21st century." That includes planes, trains, cars and ferries — all the ways in which Canadians travel between cities.

Obviously there are different ways you could execute these instructions. So one of the first orders of business for us, was to decide on an angle of attack. Should we focus on specific issues — airport congestion, for instance, or the possible application in Canada of bullet-train technology? Or should our aiming point be a report and a set of recommendations on the framework for transportation policy — meaning the laws, regulations, and institutions within which the system operates?

After careful consideration we decided to go the second route. We chose that approach because, when you think about it, it was the only manageable way to fulfil our mandate. And, even more important, it was the approach that offered the greatest leverage on the future development of passenger transportation in Canada.

Policy is the rudder of the ship of state. It can encourage growth in one mode of transportation — or it can discourage it. It can accelerate the introduction of new technology — or it can stop it cold. Sound policy can resolve conflicts of interest between regions or between groups. Unsound policy can make them worse. Good policy all by itself cannot give us the transportation system we need in the 21st century. But bad policy all by itself can put it out of reach.

The first basic question we confronted was about objectives. What goals, what aspirations — national, regional and individual — should national passenger transportation policy serve in this country?

After much deliberation we arrived at three possible main objectives one could seek to achieve in the passenger transportation system.

1. Equity.

The first possible objective is equity, or, as some call it, "fairness."

Let's define that term. In this context equity can mean providing reasonably similar benefits to individuals in reasonably similar circumstances. It can also mean making the system accessible to people who are in some way disadvantaged, either by living in a remote area or by being disabled.

2. Efficiency.

A second possible objective is efficiency. That may sound self-evident. Efficiency, when you are talking about an engine, is the ratio of useful work to the energy it expends. But in passenger transportation it means getting the most value for each dollar spent. And, in computing "value" you could include for instance, not only revenue gained but also consumer satisfaction values such as comfort and safety. Under "costs" you could include not just capital and operating expenditures but also items such as the costs of environmental pollution and the costs associated with traffic accidents.

3. Nation-building.

The third possible objective is nation-building — the contribution of the passenger transportation system to the basic task of holding the country together and keeping it competitive in international markets.

We must remember that, historically, governments believed that passenger transportation provided vital links in building the country and in tying us together.

In developing a passenger transportation policy framework to meet our future needs, we will undoubtedly have to make tradeoffs among these three objectives and possibly many others. No policy framework can be known and understood, or make sense, if it tries to do too many things.

In thinking about this passenger transportation policy framework and reflecting on how it got the way it is today, it seems to me that there are four key features which will determine how well or how poorly we meet our objectives. They are these:

- The respective roles of the public sector, on the one hand, and of the private sector, on the other;
- The way we answer the jurisdictional questions about which level of government, federal or provincial or municipal, does what?
- The key element of financing. How we answer the question of "who should pay?"
- And finally the element of accountability — the building-in of a continuing "report card" which keeps the public informed on how the system is operating.

The Commission has been looking at all of these questions. We have been doing so in the course of our work over the past year on two fronts. Our first front is our research program. The second front was a public consultation exercise which culminated in 11 weeks of public hearings.

Turning first to our research program: we are looking at passenger transportation from a number of perspectives.

We are looking at the present, at today — at the system and the policies we have now. We are gathering information on passenger transportation supply and demand. We are pulling together as much hard data as we can about the costs of the system and how these costs are paid for.

To understand the present we have had to take a crash course in the past. Someone once said a camel was a horse designed by a seriously divided committee. Many of our transportation policies are camels. And there's a reason for that.

Historically, transportation policies in this country have been designed to support different goals, many of them incompatible, some downright contradictory.

At different times over the past 123 years, transportation policy has given primary weight to widely different national interests: national unity or regional development for instance, or the sovereignty and security of the country. Development of the railways was supported as the essential key to opening up the prairies, encouraging new provinces to join Confederation, and fostering the growth of a nation east-to-west above the 49th parallel. Some early canals, including the Rideau which flows by the foot of Parliament Hill, were built for defence. And a large part of our airport infrastructure traces its pedigree back to the Commonwealth Air Training Plan of World War II. To understand the system you have to understand the historical compromises, and the pushes and pulls of different times in our history.

And of course, we are looking ahead. What we see there is a long list of questions about future passenger transportation policy.

The role of the Government and the role of Private Industry.

Some of the most basic of these questions are about the respective roles of the private and public sectors. What part should government play in consumer protection and passenger transportation safety or in support for transportation research and development? What should its role be in the coordination of air, rail, highways and sea modes and the promotion of competition between those modes. What about government responsibilities in the development of standards in quality, service, accessibility, safety and environmental protection? Should the public sector supply infrastructure services or should it serve only in the role of regulator?

Jurisdiction.

We have been looking at issues of jurisdiction, at the issue of which level of government does what.

Our research will focus on the question of how well we coordinate and integrate federal and provincial transportation policy. Many of our arrangements date back to 1867 and the British North America Act. Are these founding concepts still valid today? We intend to take a new look at what is best done by the provinces and what is best done by the federal government. We will not be tied down by rigid ideology, or bound by the ways things were done in the past.

Who Pays?

There are no free lunches in the cafeteria. And there are really no free rides on the national passenger transportation system. One of the most basic questions in our research is about who pays and how do they pay. Where government owns the infrastructure (roads for instance) and where it operates services (ferries for example), where does the money come from?

Should it come from the taxpayer or from the user? And on that latter subject how far can we go in applying the user-pay approach in Canada? And if we do apply it, how do we assign costs fairly between individual travelling Canadians and taxpayers as a whole?

We know from public opinion polls and from our hearings, (as I'll show in a moment), that Canadians are thinking seriously about these questions. Fifty-six percent of Canadians in one survey believed federal government subsidies of Canadian taxpayers should support highway construction and maintenance — even though highways are now a provincial responsibility. Thirty-two percent support federal subsidies for a Canada-wide passenger rail service.

An Informed Public.

We have also been looking at that question of accountability — at ways to uncover hidden costs and hidden subsidies so that decisions can be based on information that is accessible, understandable and sound.

The Commissioners are nine people out of 26.7 million. We do not kid ourselves that we can answer these questions all by ourselves and we certainly don't assume that our definition of the issues covers all the bases. We need the input of the Canadian public. And we have been getting that through a program of direct consultation.

The process began last spring with a round of meetings with provincial legislators, the bus, ferry, air, rail and auto sectors and special interest groups.

The next step was a series of 30 public hearings across the country which began in August at Inuvik in the Northwest Territories, and which wound up in Prince George, British Columbia, early last month. The last time I checked, 700 people and groups had submitted or confirmed their intent to submit a brief to us. Included in that number are the 100 verbal submissions on the free 1-800 Dial-a-Brief telephone line we set up for that purpose.

The issues I have already raised were on the table at our hearings. We're submitting an interim report this spring — so to get the full details you'll have to read it. But here are some general observations.

It's clear, first of all, that if we are to keep up with passenger transportation demands, a major commitment from this country and its citizens — in time and in money — will be required.

To even begin to meet all the needs that people are telling us exist out there is probably impossible.

So Canadians will have hard choices to make. For instance: how do we choose among competing rail, highway, air and ferry proposals? For instance, how do we make trade-offs between transportation needs (such as more runways or more highways) and environmental protection goals?

What did we find out about public interest in passenger transportation?

We went into these hearings expecting to hear a great deal about local and regional problems. We did. We also encountered a wide variety of different perceptions about the nature of those problems.

Each region of Canada knew that every other region was better off. Everyone knew who should pay — (usually, someone else).

In the first few weeks of the hearings we got the impression that everyone in Canada thought things were always better in Toronto. Until we got to Toronto.

There were many varied and sometimes confusing suggestions concerning the goals and objectives of the passenger transportation system. We found that in the smallest and most remote settlements passenger transportation is a crucially important issue. People see the system — particularly the railways but also highways — as a unifying element which makes us a country rather than a random scattering of outposts. "Passenger travel is the umbilical cord that links us to the heart of the country" was the way one speaker put it at our hearing at Rimouski.

And many people see inadequate transportation as a major cause of economic differences between regions. There is a strong body of opinion out there that believes better transportation is the key to the development of local industry in general, and tourism in particular.

We found in the hearings that Canadians want a national, integrated passenger transportation system. They know it will be expensive. But many do not believe that the issues such as nation building can be resolved on a strict profit and loss balance sheet. As the President of Dick Mathieu Associates told us in Toronto: "I do not know one Canadian who does not agree we have to pay a price to be Canadian — who does not believe that it is worth a premium to live in a country where human values are beyond the almighty dollar. I also don't know one Canadian who has been asked what price he or she is prepared to pay to be Canadian and keep Canada — Canada."

We also found strong support for the goal of equity or fairness for the passenger transportation system. Indeed, on the basis of what we are hearing, I would have to say that some Canadians see access to transportation as an unwritten constitutional right. From one end of the country to the other, people talked about transportation as a means of getting from point "A" to point "B" that should be available at standards that are acceptable and at prices people can afford.

This applies, in particular, to people with special needs and people who live in communities far from the mainstream.

The needs we have been hearing about range from business competitiveness to matters of life and death. "Transportation is the hub of independent living," said a speaker in Winnipeg. "It's availability expands the alternatives from which a disabled person can design his or her life."

"We are senior citizens," said a voice on our Dial-a-Brief line. "We are stuck out here in the country with no train, no bus, and we can't drive. We are brought to our knees."

Listen to this quote from our hearings in Sudbury, Ontario. "If somebody is ill, if somebody is having a baby, if there is a fire, you can't get people in and out. They have to deal with survival in the same terms as 100 to 200 years ago."

We heard from the Chairman of the Human Rights Commission, Max Yalden, that access is a right under the Charter. And we received the very clear message that people in wheelchairs do not think that being moved onto an aircraft by a fork-lift truck is either equal or dignified access.

Canadians are somewhat worried about the safety of passenger transportation. There is concern about growing congestion at airports and the increasing presence of trucks on the highways. And the hearings showed us that Canadians are remarkably aware that the transportation system has to be developed in ways that are compatible with the preservation of the environment. At the Toronto hearings, a representative of Pollution Probe declared "environmentally-sound passenger transportation is no longer an option for Canada. It is an imperative."

At the Winnipeg hearing, a speaker made this statement: "People say that rail transportation is a romantic dream. Well, the truly romantic transportation dream is the belief that the system can continue its dependence on the car."

In general, how do Canadians feel about present passenger transportation policy? As we are hearing it, the reactions range all the way from fairly satisfied, to mildly dissatisfied to "mad as hell and we aren't going to stand for it any more." One area of conspicuous discontent is about mystery in the system. Canadians want to be better informed about how the passenger transportation system operates in this country. They want to know who makes the decisions that affect its operations and that affect them.

When it comes to the financing of the system, we find in our own research and in the minds of the public, a dearth of information. People want to know more. Groups with an interest in passenger transportation in particular want to know how much services really cost — and about who is really footing the bill. They want to know what's being subsidized and what isn't. In short, they want a transportation system that is transparent. And they don't mean glass elevators at the Hyatt Hotel!

A resident of Kingston phoned in this comment as part of his brief: "I hope that the Commission will try to get some truth in the way in which costs and subsidies are being reckoned. Up to now, there has been quite a lot of smoke and mirrors."

A speaker in Regina said we should, and I quote, "include all forms of subsidies in calculating the federal contribution to air, rail, highway and marine transportation. Consider energy consumption and environmental impact in making decisions on subsidy allocations."

And, summing it all up, this quote from Sudbury. "If you don't know where the money is coming from or where it is going, you really don't know where you're going."

Several of our hearings were held in the north — the real north — places like Iqaluit, Inuvik, Rankin Inlet, Yellowknife and Whitehorse. People up there kept underlining the fact that the costs of transportation in the north are the highest in

Canada — and kept pointing to the tough impact that has on their cost of living.

Northerners wanted people on "the outside," in "Southern Canada," to understand that their transportation needs in that part of the country are not like those of anywhere else. One observation from the Yellowknife hearings that sticks in my mind sums up the difference "Up here we grab planes like you take taxis in the south."

We were reminded that while Canadian Southerners contemplate new super-highways and bigger airport terminals, many Northerners dream about the first gravel road into town. As one speaker in the town of Inuvik put it. "You're talking about the 21st century. We're still trying to get into the 20th."

Canadians also want a greater say in the making of decisions about transportation — locally and regionally. They say that Ottawa and other government capitals cannot claim to know all parts of the passenger transportation sector, and should not control all of its parts. At the same time they do not want national standards and national leadership.

These are some of the national concerns we heard across the country. They coexist with others that are unique and specific to regions. Ferry service, for example, is a live issue in Newfoundland, Prince Edward Island, Nova Scotia and British Columbia. High-speed rail is on people's minds in central Canada (the Quebec-Toronto- Windsor corridor) and also in Alberta where the corridor is Edmonton-Calgary. The quality of the Trans-Canada Highway is a "local" issue from one end of the country to the other.

Two personal observations before I close.

First I believe that this Commission is engaged in work that urgently needs to be done. Canada has changed dramatically since the MacPherson Royal Commission last looked at transportation in the 1960s and this is no time to be flying blind. We have been warned of the danger of that by many planners. But no one summed it up better than Yogi Berra, the baseball catcher-philosopher, when he uttered these immortal words: “If you don’t know where you’re going you could wind up somewhere else.”

A final observation. One thing that has been underlined for me over the past year and a quarter is the uniqueness of the Canadian transportation challenge.

Generations of experience have been accumulated in other countries. We can and should learn from it — indeed we are reviewing that experience in our research and consultation program. But there is, at the end of the day, a significant part of the Canadian passenger transportation challenge that is native and unique. Canada is not like other countries in its history, its geography, its current level of development, or its potential for future development. We are not as compact as Britain or Japan. We do not have transportation systems which have grown up over centuries. We have no infrastructure as old as the Appian way of Roman times, we have not yet developed as elaborate a transportation network as that of our neighbour to the south. There are pluses and minuses in that unique Canadian status. The downside is that we have more original thinking and building to do. The advantages are that we have fewer mistakes to unravel and that we have a chance to do it right.

In the last century, Sir John A. Macdonald proved that thinking big about transportation can build a big country. This is a land where frontiers are still open. To do justice to our bright future we need Canadian answers, and a Canadian vision. That is our challenge; and, with the help of Canadians everywhere, we’ll deliver.

The appreciation of the meeting was expressed by John Freyseng, Partner, Blaney, McMurtry, Stapells and a Director, The Empire Club of Canada.

January 17, 1991

William McCormack

Chief of Police, Metropolitan Toronto

COMMUNITY POLICING

Chairman: **Harold Roberts**
President

Introduction:

A traffic cop's attention was drawn to a lady motorist who was calmly driving down the wrong side of an avenue. He stopped her and inquired testily, "Don't you know what that white line in the middle of the avenue is for?"

The lady considered carefully, then hazarded, "Bicycles?"

There used to be lots of stories about police, and perhaps in the "cop shops" they still make the rounds, but in the complexity of the multi-cultural and racial city that Toronto has become, jokes seem somewhat less prevalent. Life is complex and life is serious and Toronto is no small town (2.2 million). It requires a Police Force of over 5600 uniformed members and has a budget of over half a billion dollars.

In October 1989 William McCormack became Chief of this force. In November of '90, Timothy Appleby of the Globe and Mail evaluated the Chief's first year: "It has been a rough year.

Among the issues on the front burner:

1. A public inquiry into the force's internal affairs unit is looming, focusing on its investigation of a sex-for-hire tale that may have been covered up by senior officers.

2. A constable currently on trial for manslaughter is one of three Metro officers charged in separate police shootings involving blacks. (He was subsequently found "not guilty") Two other officers, meanwhile, face unrelated charges of attempted murder and armed robbery.
3, Budget cutbacks are in place, placing severe restrictions on overtime.
4. The seven-member police commission that oversees the force is conspicuously divided — only two of its members tend to raise any tough questions."

Well if the Commission isn't tough, the media is. And if the media doesn't keep him on his toes, the members of the force will.

In short being Chief is no picnic.

But, in spite of its pitfalls, Chief McCormack seems to thrive in his leadership. He is popular generally with the force and with the public. Much of this can be traced to the fact that he enjoys and remembers people, and in fact is very down to earth.

Born in Mauritius, the son and grandson of British Colonial Policemen, Chief McCormack began police work in Bermuda, before coming to Toronto to "start again" in 1954. Three of his children are Metro Cops, (a fourth resigned in July '90 to move to Aylmer with her husband). In Toronto, McCormack rose through the ranks and served for over ten years in Homicide. He knows the force he leads.

Those of us who have grown up in Toronto have seen tremendous change in our city over the last thirty to forty years. Things are no longer simple. Most of us struggle with our own identities in the multi-cultural society that is Toronto today.

While the road is not easy, Chief William McCormack provides the personal warmth of leadership, with a sense of humour, that seems appropriate to the day for the largest police force in Canada.

We welcome him to The Empire Club of Canada today.

William McCormack:

Reverend Sir, Mr. Chairman, distinguished head table guests, I'm absolutely overjoyed to be here today on behalf of the Metropolitan Toronto Police Force to represent the force to you. I'm honoured to be at this very prestigious location of The Empire Club. I can't begin to tell you how it affects me. That's something that I'll speak about in a few moments.

If I may begin by saying that I'm also equally honoured to have the Assistant Commissioner of the Royal Canadian Mounted Police, Ralph Culligan, and the Commissioner of the

Ontario Provincial Police, Tom O'Grady, beside me. It's becoming a bit of a habit because we had lunch together yesterday too, so I must tell you that with their advice and cooperation and help we can't go too far wrong. I want to recognize that fact. I also would like to recognize that I'm deeply grateful to Madame Chair, Mrs. Rowlands, and members of the Board of Commissioners of Police who are here, who also have supported not only the force but myself in the last year. I will stop here other than to say that I'm also very pleased to see Major General Legge. Sir I'm delighted to see you and I would recognize you as a great supporter of the force. But I just wanted to tell you very briefly that it has been stated here today that I started in the Office of Chief of Police on the 1st of October 1989 and there have been several occasions of highlight during that period of time until this date. I was talking to one of the members of our morning meeting this morning and in reflection, looking back, I often said at that morning meeting, "Well it can't get worse. Anything that could possibly have happened, has happened." I was reminded this morning that I was wrong. As a matter of fact now it's war. So I can assure you I will refrain from saying that any more and just carry on.

I think I should address you on what the force is all about, and very briefly give you a bit of statistical data. As it has been said, there are some 7,600 people who are members of the force, approximately 5,600 of whom are sworn police officers, and approximately 2,000 being civilian personnel. I should also tell you that the force has increased quite substantially in its civilian area. Over the past years that we have been in existence the civilian area of the force itself has developed to the point where it has become a very vital and crucial part of the effectiveness of this particular police force. You're aware of the population, you're aware of all of those things and I'm certainly not going to bore you with statistical detail in reference to that, but I should possibly refer very slightly to the increase in criminal activity that we're experiencing today so that you may understand where we're coming from.

Violent crimes in Metropolitan Toronto have increased dramatically over the last year. The violent crimes in 1990 increased 11.3 percent which I might say at the outset is totally unacceptable for this city, for the culture, for the manner in which we as Canadians have evolved. It is most concerning. I might also say to you that we're addressing that in many, many ways. The force has now become very well equipped with the latest technology. The technology that's available to the force at the present moment and that which is being modified, is being put into action in such a way that it's almost a wonder. We have technology that ages people one way or the other. We have technologies that give you an almost instantaneous response on fingerprint identification. The point of my saying this to you is that, as a police officer who has served in the field and who has served in specialized areas such as the homicide squad, which I'm very proud of having had service in, we come back to something. In spite of the technology my good friends here will tell you the same thing, we come back to that which is most important to all of us as police officers, and also as citizens of any community or as citizens of any country, and that is the human factor. And what we come back to here is something I think that's very unique to policing and will be more so in the future, and that is what Sir Robert Peel said at the inception of policing, "the police are the public and the public are the police."

In that vein ladies and gentlemen, let me begin by telling you that I, representing this force, have been very, very fortunate over the years in Metropolitan Toronto in that we in this climate of things have had a tremendous cooperation with the public. That cooperation, that help, that assistance, that caring, has been a great measure of our success. I would venture to say that if you speak to forces across Canada you'll find much the same thing occurs. I think it's something that we can be very proud of. But it's something that we also have to look at from a very, very delicate point of view. There can be an erosion created in that type of liaison between the public and the police. That erosion can be created by the malfunction of information, the malfunction of communication, and the breakdown in the necessary respect for both parties and the necessary communication at all times. And that probably will be one of our most difficult areas of concern.

Without naming cities in North America, I'm sure that you're all very familiar with larger cities that I've had particular interest in, as a member of the major Chiefs of North America, where apathy has set in. Where not only apathy has set in but disrespect has set in, not only for the police but for the public. It is not unusual in certain cities where you cannot find a witness to any crime that is committed, although you may have hundreds of people witnessing that particular crime. And when speaking to the police you can get no information whatsoever because unfortunately the police have retreated into a situation of a barricaded mentality, of the army-of-occupation type of thought which doesn't work as has been proven. And I think that again it's very true to say that the Chiefs across the continent are striving, striving very hard to put that attitude back to where the public have confidence in the police and the police have confidence in the public.

It is very important indeed that our political people also should take into consideration what they have, and how they have developed it over the years, together with the media, and not address matters of insignificance as if they were something of great importance, not sensationalize for one's own personal needs or own personal vested interests whatever they may be. But to look at it from a very figurative point of view, and to say,"We are all in this together." We have roots in this community. Those roots in this community are established for the protection of life and property, the maintenance of order and the prosecution of offenders against the peace. That, ladies and gentlemen, is the basic definition of law enforcement in terms of policing.

All of us here have been subject to that definition. It has widened tremendously. It has widened to the point where policing now has become a social service, where at 3:00 in the morning you have the response to a domestic situation, a situation where an individual may be in dire need of shelter — any of those things. Although we did attend to these things in the past, we did not become directly involved, but now it is incumbent upon us to become directly involved. It is incumbent upon us to have the understanding, the discipline, to be able to deal with these things because we are the only agency available at that time of the morning and in many cases at other times. So I am concerned in that regard. I'm concerned that in the future the social agencies that are involved in large urban areas should be looking at the people that are in need. And that is something that I think that all of you, together with the police officers that are present, and all of us as a matter of fact, have a great concern for. We are developing continuously in that area to better communicate, to better accommodate, that need. I think we have a lot of help in one sense in this city, from the various areas that have established shelters and so on, but it is not enough.

Branching from that subject to the subject of criminal activity that is now in existence, let me begin there by telling you that I think that it's indisputable in any of our minds that money in terms of criminality is the root of all evil. And when you talk about money in crime today you talk about drugs. You talk about the resultant effects of drugs. You talk about the peripheral effects that are not normally considered. The habit, how it creates the need, how it creates the projection for others to become involved in what we call the middle man and the back end. What you have there is a very, very serious matter of great, great importance for now, for the future and especially the youth of our community. I venture to say, ladies and gentlemen, that we can enforce all of the laws that we have on the books in relation to this particular subject. You can build more and more courts and you can put more and more policemen out in the street, and again you can address this and it needs to be addressed punitively. But the answer, I would suggest, is in education. The answer is in being involved, and realizing the dangers and also branching out into all of our educational systems conjunctively; the police, the public, the courts, the government, together in a thrust to make sure that the future is well guarded as far as our youth is concerned and as far as our people are concerned.

So again, let me tell you that the statistical data is frightening in relation to the rise in crime relative to those peripheral areas. I can tell you that the state of the economy also has an effect, and the state of the economy will have an effect for the future months. Those people who unfortunately have been either hooked, using the terminology, or are addicted to the consumption of drugs, who are now unemployed, who are now not in a position of getting their supply legitimately as they would see it (although it is quite illegitimate) are turning to other things. Those things are the break-and-enters to your homes. Those things are the robberies that have escalated dramatically to the point where we have had some 300 last year.

Let me just give you the statistics if I may for a moment. The instances of crime where banking institutions have been concerned have risen to almost 400 last year by comparison with much less the year before, and all of these have been armed robberies. The weapons seized in 1990 were some 4,290 weapons alone in Metropolitan Toronto. I could give you these statistics on and on. But let me not dwell on statistics, let me tell you that another area that is of grave concern in Metropolitan Toronto today is that of the armaments that are available and are being used in certain communities and certain areas, together with those people who would style themselves as gang members. Those people who would become involved in criminal activity for the sake of being like *West Side Story*. Unfortunately with some of the youth in high schools and so on, it has become a fashionable thing.

It will tell you a story of success. In 1988 and the beginning of '89, we saw that we were going to have a monumental problem in relation to street crime, in relation to gangs developing in high schools and all of those things. At that time we literally borrowed and stole from other units and put a unit called the Street Crime Unit together which began to address the gang activity and the street crime in two ways. Going into the schools and lecturing, doing public education in the schools which resulted in 70,000 young people being spoken to by members of this unit. And also on the other side, addressing it from an intelligence and from a punitive point of view, with the ringleaders of the gangs and so on. Let me refer to this as a success story which has resulted in the diffusing, quite substantially, of the gang activity. We had a visitor from Chicago. A Commander of the Chicago police came in after three days being out with my Street Crime Unit and sat down in my office, shook his head, and said, "I wish we had done that 18 years ago in Chicago because I would not have to command a unit of 500 to 800 police officers involved in street crime, gangs, and drive-by shootings had we gone into the education area." So I just give you that as part of what has to be done.

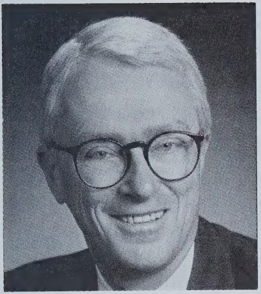
My whole theme, my whole theory, and I think the theory of this force which is supported extremely well by the Board of Commissioners of Police, is that the key to the success of policing in a large urban area such as this, is that of community policing, is that of being able to address the needs in those very large areas of concern with the exchange of information with the actual person involved on the beat or in an area where the merchants are being spoken to, the people are being spoken to. Very, very expensive. Not only is it very expensive, but it is the only way for the future. So I'm committed to community-based policing. It has been a success story too. But you still have to have the ability to respond for calls. When you are in your home and you're being threatened or when you're in your home and you have a problem, or wherever you happen to be, you expect a police officer to be there quickly. So therefore on the other side of this issue we have to maintain the ability to move quickly, to respond to calls, and to deal with the criminal action that occurs. Again that's very expensive. So when you look at a budget of some $500 million, and you look at the size of this force and you look at what we have to face in the future, I would say as a commercial, that it is not bad from the point of view of what each and every one of us pay as a citizen of this community for the protection that is afforded to us. And by comparison statistically with any urban area in North America of equal size, of equal population, there **is** no comparison. Although we have the problems we do now, and we envision the future to be difficult, I hope that we have the foresight to deal with those problems in the manner in which we are accustomed, and in the manner in which the devotion, the help, the assurance of the public has always been in Metropolitan Toronto.

There are two things that I will mention briefly. One is the security situation. Let me assure you as members of the public that because of the difficult time that we are in at the present moment in relation to the Gulf situation and all those things, your personal security as far as this city is concerned, as far as the country is concerned, as far as the province is concerned, is definitely being looked after. It is of paramount importance that we do not escalate the need for material to go out that would be inflammatory, cause any panic, or anything of that nature to occur. But let me assure you that there is a tremendous working relationship between the police forces in Canada. We do this on a day-to-day basis. The Royal Canadian Mounted Police has national and international responsibility to Canada. It is the lead force as far as we are concerned. The Ontario Provincial Police has the responsibility for the Province of Ontario and I have the responsibility for Metropolitan Toronto. We work in joint force operations, which requires not only communication but what the word itself would suggest, joint forces. And that communication, that cooperation, puts us in a position that we can react municipally, provincially, nationally or internationally. There are few countries in the world that I think can boast of that type of cooperation. So let me assure you, that whatever occurs, we will be in a position to address it from a civil police point of view. That cooperation is extended to the military forces, and again all of the intelligence that's involved in between.

Let me finish by touching on a subject that is very near and dear to all of our hearts and that is the media. Many times when I go to functions I find people coming to me and saying, "My God how do you take it, as far as the media are concerned?" Let me tell you that we have a very vigorous media in Metropolitan Toronto. I think you all know that. Let me tell you that the media project themselves in all aspects of government, of police, and so on. But quite rightly so. I believe that the vigorousness of the media is probably one of the greatest assets that we have, because although they may be most uncomfortable and difficult and sometimes almost exasperating, they are the only conduit that we have to the public at large, and if they did not do what they have to do responsibly, we would all be very disadvantaged. So therefore let me tell you that the only comment in furtherance to that is that I hope that they always will be as vigorous. I hope also that the media will be fair, and, hopefully, they will not branch into those areas of sensationalism that do not in my view, respectfully, profit either the public, the police or anyone else in Metropolitan Toronto.

I'm deeply grateful for having had this opportunity. I want to thank everybody for listening to my few words. And I want to tell you, on behalf of not only my force, and I take this liberty, but on behalf of all policemen throughout Canada, that we have a vocation that is devoted to the safety, to the future of our country, our municipality, our province or wherever we serve, and we hope to be able to serve you, collectively, in that manner in the future. Thank you very much.

The appreciation of the meeting was expressed by Margaret Scrivener, former MPP for the riding of St. David's, former Chairman, Criminal Injuries Compensation Board and a Director of The Empire Club of Canada.



January 24, 1991

Robert J. Wright

Chairman, Ontario Securities Commission

THE VIEW FROM THE ONTARIO SECURITIES COMMISSION

Chairman: **Harold Roberts**
President

Introduction:

To adapt an American story, "A Bay Street security analyst is as cautious as an Indian elephant. When one of these sagacious mastodons comes to a bridge, he tests it first with his trunk. If it holds firm, he next plants his front feet on it. If it still stands, he sits on it. After that, he sends another elephant over first."

It seems to me that the fundamental purpose of the securities business is to provide capital in order that companies may grow, develop and make a profit. At least that's what my father told me when he helped me to buy my first Bell Telephone stock. In those days the small investor was encouraged and government regulations and taxation were minimal.

Today life in the markets is much more complex. Financial manipulation, inside information, and changing governmental regulation and taxation make this whole area a minefield for the small investor. The result is that such investors are harder to find now.

The primary function of the Ontario Securities Commission is to protect the small investor and police the largest financial market in Canada. Since September 1, 1989, the Chairman of that Commission has been Robert J. Wright. He is a lawyer who graduated from Trinity College with first class honours in Philosophy and History and then in 1961 was the Gold Medallist graduate from Osgoode Hall Law School. He was called to the bar in 1963.

Since 1964 Mr. Wright has been a partner of Lang, Michener Lawrence and Shaw and was a full-time faculty member of Osgoode teaching in the fields of corporate law, environmental law and mining law. His main areas of law included corporate, securities and commercial practice. He was a director of several corporations and a Governor of the Board of Lyndhurst Hospital and Foundation.

Well into his three year term Mr. Wright has contributed several initiatives to improve and protect the Securities Industry and individual investors.

He has worked to achieve more adequate funding of the Commission by seeking financial support from the industry itself rather than government.

The Commission has issued policy 9.1 by which they hope to have the industry regulate itself to speak for and to protect small investors during "related party transactions."

At the international level, under his leadership the Commission has worked to remove hindrance to security transactions between Canada and the United States by the implementation of the Multi-Jurisdiction Disclosure System so that Canadian information can be used to market securities in the U.S.

Mr. Wright has a reputation for being fair, imaginative, and hard-working. We welcome him to The Empire Club of Canada.

Robert J. Wright:

I would like to thank The Empire Club for giving me the opportunity to talk today about some of the issues which are very much before me in my position as Chairman of the Ontario Securities Commission. The end of one year and the beginning of another is always a good time to take stock, and these remarks are part of this process for me. It is in this context that, when asked to come up with a title for my remarks today, I arrived at "The View from the OSC."

As I look at my job, I am somewhat bemused by what appears to be a conflict in expectations. On the one hand, it is clear that there are growing concerns about the cost of regulation. On the other, there are increasing demands for more and more service by the various existing branches of the

Commission and increasing public expectations for new initiatives by agencies such as the one I chair. All of this is occurring in an increasingly complex management and administrative environment and requires that people in the public service use creativity in making and explaining difficult choices. This is what I would like to discuss with you today.

Let's consider for a moment the increasing public expectations for more and better services from regulators. We at the OSC see this from each of our constituencies. One of them is the Government. The expectation of the Government is that we will perform our mandate in an efficient and effective way and that, having regard to the other competing demands on the limited resources of the Government Treasury, we will keep demands for funding to a minimum. There is an expectation that we will utilize the resources that we have imaginatively and that we will on a periodic basis re-evaluate the way in which we are doing our job — to see if there are better ways that we can do it, if there are things that we are doing that we should not be doing, and if there are things that we are not doing that we should be. In short, the Government's expectation is that we perform our mandate of investor protection and maintenance of the integrity and health of the capital markets with a maximum of efficiency and a minimum of cost. The Government in Ontario has made it clear that it considers the protection of the small investor to be a top priority — one with which we agree but all of this puts demands on our resources and, in particular, our human resources, which at times are very difficult to meet.

In the meantime, another of our constituencies, the issuers who use Ontario's capital market, are making increasing demands that we respond quickly and effectively to their capital raising requirements and to the new realities which globalization has brought to us. This involves a level of cooperation with other provincial and international regulatory agencies which is quite new for us. It is evidenced domestically in the efforts by the Canadian Securities Administrators to improve procedures and internationally by our active participation in the work of the International Organization of Securities Commissions and by such initiatives as the multijurisdictional disclosure system which the Ontario and Quebec Securities Commissions are presently negotiating on behalf of the Canadian Administrators with the Securities and Exchange Commission of the United States. All of these efforts require tact, diplomacy and time at all levels, as well as a substantial commitment of resources.

A further constituency is our co-regulators, both nationally and internationally and the rapidly increasing need for improved investigative and enforcement cooperation as world-wide trading escalates. Our response to this has been to increase our efforts to conclude Memoranda of Understanding with other jurisdictions. We are currently negotiating two. The additional load on our resources in this area is exacerbated by our role in intermediating on behalf of such jurisdictions with other provincial regulators who might wish to become parties to these MOUs. We take on this responsibility as part of our efforts to promote a consistent and coherent body of rules and procedures throughout Canada.

Minority shareholders constitute another of our constituencies. This group has increasingly made demands that we as regulators take steps to promote fairness in the marketplace in an environment where, to say the least, that characteristic has not always been widely perceived as being present. The way in which we respond to this challenge will be an important yardstick by which our performance as regulators is measured.

Investment dealers have a right to require that we be responsive to the competitive pressures upon them, competitive pressures which are both domestic and international in nature — in a manner which will enable them to survive and thrive in an increasingly competitive climate. It is important for the economic well-being of this province and indeed of Canada that we meet this challenge.

Registrants, another of our constituencies, have the right to expect of us a registration system which deals with registration applications in a timely and effective way — an expectation which we have not been able to meet effectively for some time now, but which we are striving to meet by developing new policies and procedures.

From this thumbnail sketch of some of the constituencies which we serve, I think you can see that we are under increasing pressure from the public for more and better services at a time when those who fund us are increasingly concerned about the cost of regulation, understanding that by "those who fund us" I mean those who pay fees to the Securities Commission as well as the Government of which we are an agency.

All of this occurs against the backdrop of an increasingly complex management and administrative environment. Securities markets have been radically changed over the last 20 years, reflecting major social, technological, economic and political trends. Automated systems have been put in place, institutions have emerged as dominant investors, new kinds of financial instruments have been devised and there has been a far-reaching deregulation breaking down the historic four pillars of the Canadian financial regulatory regime and blurring distinctions between various financial services. Securities and future markets have become linked through computer-assisted trading strategies. There is no doubt that the decade of the nineties will bring even greater challenges for both the markets and their regulators as foreign competition becomes intense and electronic trading systems mature.

This is what I consider to be the administrative environment in which we operate and it is obviously increasingly complex. It in turn leads to a complexity within the structure and organization of the OSC which makes it a much more interesting, albeit much more difficult, place to manage. We have to react with speed, sensitivity and a high degree of expertise to market realities in a way unthinkable a few short years ago, raising management requirements of flexibility and adaptability which are not easy to attain in the context of an agency governed by policies and practices rooted perhaps in different values and objectives. We are striving to meet these challenges.

All of this leads to the need to be creative in making and explaining difficult choices. At the OSC we are attempting to behave in exactly this way. We are re-examining much of what we do and considering whether or not there are devices which, while not lessening our effectiveness as regulators, will put part of the burden where it more properly belongs, namely with that part of the public that is vitally concerned. An example of this is the reform of the insider reporting review program which we have instituted at the Commission. Where previously we spent a great deal of time and effort examining to see whether insiders were reporting correctly, notifying them if they weren't and asking them to correct their filings, we have instituted a program whereby we are putting the burden for correct reporting back on the insiders in question. We hope to deploy part of the resources saved to perform a compliance function and part to detect and prosecute insider trading offences, which is where the problem really is. I believe that with no lessening of the protection we provide the public, we can more appropriately utilize our existing resources to perform our mandate. This is just an example of the kind of management creativity which we are attempting to bring to our responsibilities to enable us to meet our challenges.

Another example is seen in the publication for comment of the most important policy initiative of the OSC since I have been Chairman — the policy regarding various aspects of what we call related party transactions. The intent of this policy, rooted in the unique nature of the Canadian business community, is to make it possible for shareholders and others interested in the capital markets to evaluate for themselves certain corporate situations on the basis of full and frank disclosure, while at the same time putting the onus on members of the public to take a more proactive role in asserting their own rights in the event that they feel that they have been improperly treated. This initiative paralleled a proposal by the former Government in Ontario and one which I personally hope will be adopted by the new Government, namely recognition in appropriate circumstances of class actions and contingency fees which together would make it more possible for shareholders to undertake litigation to assert their rights.

This policy initiative has been published for comment and has received wide publicity. Our process of publishing for comment is one which we believe permits and encourages involvement by the public in our processes and helps us to make the difficult choices which are necessary if we are to perform our responsibilities. We believe strongly in this process. We do not just "go through the motions." We know that much of what we do can have a strong effect on the business and livelihood of those affected, and we do our best to listen. We believe this is a process others might consider to involve more people in regulatory and government life, to obtain views and input before positions have been cast in stone. We believe that we are providing in this way leadership in an appropriate form ensuring the ability of the public to have an input into our policy deliberations.

As I have already mentioned, all of our activities take place in the context of concerns relating to the cost of regulation. We are no different than any other part of the Government. The industry which we regulate and which provides significant financial support for the operations of the OSC is quite rightly concerned about the total cost of regulation, not only at the OSC but at other commissions throughout Canada. While government provides some financial support in Ontario, the bulk of the cost for regulation falls on the industry and other interested parties. We are presently considering, as has been widely reported recently in the financial press, how and whether it is appropriate to broaden the base of the cost of regulation. Moves such as this may be controversial. No one likes regulatory fees but it seems to me that it is appropriate and necessary to ensure that there is a degree of fairness not only to the way in which we regulate, but in assessing the costs of that regulation. The appropriate allocation of costs will put a spotlight of accountability on the OSC and on the cost of regulation.

Another thrust in the environment in which we operate is a view held in certain circles that better regulation means less regulation. Some of our recent initiatives have caused some to complain that we are not following the path of deregulation that is, in some circles, thought to be the way things should be going. We are often accused of being too intrusive. Again, I make no apologies for the OSC. My experience as a regulator is that behaviour in the marketplace is what makes a regulator intrusive. Many of the initiatives which we take respond to problems which have been created, not by the Securities Commission or the Government, but by those whom the Securities Commission regulates. Regulators tend to be intrusive to the extent that concerns and abuses are perceived to exist. We at the OSC are certainly not looking for more work to do. To say the least, we have our hands full with what we are doing now. On the other hand, we have a responsibility to respond effectively to the reality of what is happening in the marketplace, and this we intend to do. Those who would have us be less intrusive should do their part to make sure that conditions requiring our action do not exist. I might add as a final thought in this regard that I have found that often those who take the view that we should be less intrusive are the first to demand action when their particular ox has been gored.

These then are some of the pressures on us as we seek to perform our responsibilities. I would now like to turn my attention for a moment to what I see as the role of governments in putting institutions such as the OSC in a position where they can do their jobs effectively.

Firstly, there must be an understandable, agreed and effective funding base — one which can be counted on and which is a reflection of the understanding between the Government and its agency of the job that is to be done. This is not an easy requirement given the ever voracious appetite of agencies for funding and the natural reaction of others that we are greedy, over-reaching and trying to empire-build. However, without this challenge having been met and an acceptable understanding having been reached, it is difficult to run an effective agency. It is clear that no matter how efficient and effective one may be, funding sets limits on what can be accomplished and expected.

Secondly, government administrative and employment policies must be coherent and effective in order that agencies can attract and hold effective staff at all levels. Among other things, this involves establishing salary levels and categories which will enable agencies such as mine to attract and hold the quality of personnel necessary to do the job. A failure to meet this challenge will almost certainly involve failure to meet the legitimate expectations of all our constituencies.

And finally, there must be an understanding between the Government and its agencies of what exactly the expectations of the Government are and accountability on an on-going basis to measure if in fact the agencies are meeting these expectations. This will involve exercises in examining and re-examining the ways in which agencies carry out their responsibilities as well as defining what the responsibilities themselves may be.

We are attempting at the OSC to do our part in this exercise. We are nearing the completion of a strategic planning process in which we have re-examined who we are, what we are doing, why we are doing it, and how we might do it better. We have in this process had an extensive dialogue with those we regulate, including asking them to fill out a lengthy questionnaire on an anonymous basis indicating their views on all aspects of the Commission's operations. This questionnaire, and the answers to it, have perhaps unintentionally, turned into an accountability exercise and have given us ideas which we hope to develop which will lead to greater accountability on our part and a greater understanding of what we can and need to do to carry out our mandate.

While different people may express it in different ways, it is clear that our mandate is to protect investors against unfair or fraudulent practices while enhancing the efficiency, integrity and health of the capital markets in Ontario and Canada. Much of what we are doing now at the Ontario Securities Commission is attempting to put into place policies which will permit and encourage the public that we regulate to take steps to protect and enforce their own rights rather than always relying on the Government or its regulator to do so. In our system of corporate governance, shareholders should have the knowledge upon which to assess their rights and a clear opportunity to assert them in the event that they feel they have been breached. We are pursuing initiatives which should, in part at least, restore a balance between the role to be played by the regulator and that to be played by the private sector. This is an important part of the underlying philosophy of Policy 9.1 regarding related part transactions.

Our approach to regulation of the securities markets has been evolving, with an increased emphasis on disclosure and greater accountability. In addition to our draft policy on related party transactions, there are other initiatives that have the same thrust. To date the most visible of these programs has been the financial statement review program. Now in its third year, several hundred financial statements have been reviewed and three reports have been issued.

The methodology used to select the annual financial statements to be reviewed each year is not intended to produce a sample representative of all companies. Selection is heavily weighted towards companies on the TSE 300 list in order to ensure that companies having the most significant market impact are reviewed most frequently, but others are reviewed as well.The program involves a great deal of interaction between the OSC and the companies we regulate and it is very time-consuming for everyone involved. It will continue into the foreseeable future. In our view, this program, more than anything else undertaken in our office, is acting as a catalyst towards improving financial disclosure in the annual financial statements.

Another initiative is the policy respecting Management Discussion and Analysis which was recently adopted. It requires companies to expand their narrative disclosure concerning the nature of their business and to provide analysis and interpretation of their recent financial statements and prospects for the future. Supplemental analysis and explanation is designed to require management to explain in narrative terms its current financial situation and future outlook. We believe that MD&A can and should be written such that the investor is seeing the past, present and likely future performance of the company through the eyes of company management.

We are still in the early stages of implementing this policy. There appears to be widespread support by many investor groups for this type of information and we are confident that it is an important step forward in ensuring that investors and others interested in corporate affairs have a fuller picture of what the company is all about. We believe that MD&A will become a cornerstone document in the continuous disclosure system.

These initiatives illustrate the kind of things we are doing to meet the challenges of performing our mandate in a fast-changing environment. We at the OSC recognize that the demands on us as regulators will increase and that we will be held accountable for how we perform. We welcome the challenge and I am confident that we will measure up to it.

I want again to thank The Empire Club for giving me the opportunity to discuss some of the challenges we are facing and our responses to them. I enjoy the opportunities to discuss our role and hopefully to contribute to a public discussion of the way in which the public sector performs its responsibilities.

The appreciation of the meeting was expressed by John Campion, Partner, Fasken Campbell Godfrey and a Director, The Empire Club of Canada.

January 31, 1991

Hugh Segal

Chairman, TACT Inc.

THE CANADIAN IDEA

Chairman: **Harold Roberts**
President

Introduction:

Two high-powered advertising geniuses were talking about a third member of the fraternity, whose sudden death had been something of a shock. "What do you think the poor fellow had?" asked one in a properly mournful tone. "Nothing to speak of," sighed the other. "Just a small publishing account and a deodorant client. Nothing worth going after."

Advertising can be very cut-throat, but then again so can politics. Our speaker today is a survivor in both.

To quote his curriculum vitae "Hugh Segal joined TACT'S Public Affairs and Strategic Planning Group — Advance Planning — in 1982 after ten years in government and public policy, culminating in the rank of Associate Secretary of Cabinet at Queen's Park."

I must confess I have no idea what Mr. Segal is going to talk about today, but then again he has no idea what I'm going to say in my introduction.

I based my invitation to Mr. Segal on reputation. I've seen him argue tenaciously on T.V. and Stevie Cameron in 1987 (Feb.19), wrote in the Globe and Mail:

"Hugh is President of a Toronto advertising firm, Camp Associates, and moonlights as a Canada A.M. political pundit, an occasional Toronto Star columnist, an advisor to the Progressive Conservative Party and the funniest after-dinner speaker in the country."

But Hugh has his serious passions and I'm not simply talking about his wife or his daughter.

In an article in "Listening Post" in the Financial Post on April 11, 1990, he wrote passionately for Canada.

"Who among us today has the right to surrender this country to the forces of small-mindedness or sceptical abduction? That is where we are headed unless individual Canadians — without regard to party, language, religion, colour, creed or region take a personal stand and choose simply, directly and resolutely not to give up. To say that there is no deadline on the love of our country, no right of withdrawal from the Canadian opportunity. To say that the nation that spawned the Billy Bishops and George Vaniers, and Emily Carrs and Wilder Penfields isn't about to fold up for anyone or in the face of anything."

The passion for their country and their zeal for life have driven all three Segals, Hugh, Brian and Seymore to excel in life.

Hugh's vocation has been in politics and advertising. Two fields where tough slugging is required. Through it all he has kept his sense of humour.

Hugh, we welcome you to The Empire Club of Canada to talk about your chosen topic.

Hugh Segal:

I just want to thank our guest speaker this afternoon. I found certain segments of his speech absolutely riveting. I am delighted to be here. It's good to be anywhere without Kirby and Caplan. You know, Caplan's a socialist which means he genuinely believes that there is no problem bad enough that government should not be afforded a chance to make it worse. And Michael, Michael Kirby is a Senator, a job I refer to as a taskless thanks. And he's also a Liberal, which means he has a series of very serious and intense long-held principles and if you don't like them he has another set for you.

I'm delighted to see so many friends here. Glad to see Dian Cohen on my left and John Tory on my right. I'd like you all to keep that in your mind for future consideration. I was invited many weeks ago to be here and I was so honoured by the invitation I gave a topic to the committee very quickly not thinking about just how much things might change. I said then I thought that an esoteric discussion on reforming capitalism to make it more germane to our humane needs in this society would be good. Having looked around me this morning and seeing our forces involved in an unavoidable but tragic war in the Mid-East, I see also an avoidable but not necessarily tragic NDP government at Queen's Park.

But maybe a discussion of the future of capitalism per se might be just a touch esoteric and self-indulgent. On the other hand my party is at 15 percent in the polls and if you can't be esoteric and self-indulgent at 15 percent when can you be?

I guess I would put one or two serious thoughts to you about what we will face in the post-Glasnost, post-Gulf War, post- Belanger Campeau, post- Quebec Liberal Convention, post-Spicer, post-recession reality and what we will have to face on the morning after. And that will be a time for all of us to think about the values that we share, the things that we care about, and how we can work to make this country, its economic system and its constitutional system, ever stronger.

Now I begin this process with you in the brief time available today as an optimist. Well, you'd have to conclude, anybody who can look around the world today, at the war in the Middle East and the S&L collapse in the U.S., concerns about the American banking system, Western reform, what's going on in Quebec and still say he's an optimist, is the kind of person you might want to sell some land in Florida to before the afternoon is over and maybe the odd penny stock on the Vancouver exchange.

But I am an optimist because I think optimism is how this country was built. It's how we came about. It's why so many came to these shores to build better lives for themselves. Now that optimism comes from a deeply-held belief which I have, and a confession which I will make. Despite protestations that you may hear elsewhere I really am a Red Tory, and there are Red Tories, although we're underground these days, kind of in hiding. The Tory in me believes that as a matter of principle one cannot accept the premise that, left to their own accord, people will act in goodwill and treat each other fairly. I would argue that there is a fair amount of data since the beginning of time to substantiate our position on that matter. I would further argue that the classical Liberal does take the view that if you leave people unfettered by government, unfettered by regulation, unfettered by society, they will be nice to each other. They will be good to each other. They will treat each other with equanimity and fairness. I don't believe that. I believe it's naive and I believe it's something we have to look at very carefully as we shape the future of this country.

Now Socialists and Tories do have a common bias. Their bias is, there has to be a system. There has to be an organic connection between all of us, that protects people's interests, that sustains equality of opportunity, that genuinely builds a sense of community in balance with our individual rights. Where the Socialists get taken off the track is that they really do believe that collective rights and community rights always come first. Tories believe there should be a little bit of balance between the individual and the community and that the government's job essentially is to find a way to make that happen, with both the individual and the community feeling comfortable and fairly treated in the process.

One of our great difficulties in this country is figuring our how to do that, with our regional stresses and our regional strains — how to make that happen in a spirit that is genuinely fair. I put it to you that we have to ask ourselves some fundamental questions in Canada that are probably not found within the normal partisan debate. What is Canada committed to as a nation that sets it apart from others? What do we offer those who live here, who do business here, who build their lives here that is unique and special and important? In other words, why is Canada, for example, more valuable to Canadians than a series of Puerto Rico-like commonwealths affiliated in some way with the United States?

What is the qualitative difference that we bring to this country, to the quality of life and the personal prospects of twenty-six million Canadians that could not be brought to them some other way? I put it to you that we do have historically in this country, the basis for a very unique approach to capitalism, to quality of life, that is a product of who we are, where we have come from, and what we share.

We're a nation founded on land owned originally by the Native peoples, tied to English and French governing constitutional principles. We have a unique mix of constitutional structures in our society that blend individual initiative with collective opportunity. We have a mix of rights for our two founding linguistic groups, minority language rights across the country, provincial prerogatives, rights to due process for refugees, that all constitute a very unique basis for style of life, quality of life, not found elsewhere.

What about capitalism as we practise it, such as it is in this country? To be sure, there is no great consensus. Some will say that the forces of the democratic left are ascendant. I would argue that they are ascendant not so much for what they believe in but because they are not now in power and haven't been for some time and can therefore disassociate themselves from the criticisms that those in power have to face.

When those of us who believe in free enterprise look at the Socialist arguments we see essentially where they're headed. They take the worst parts of capitalism, the excess, the greed, the dishonesty, the insensitivity, and they say that's all that capitalism really has to offer. And they try, as is their right in our free and democratic system, to make their case by destroying the free market effort. Now those of us who defend free enterprise have a further problem. Sometimes we look around at those who are defending it with us and we feel just a touch uncomfortable. If capitalism is simply a defense of unlimited inherited wealth, if it is a defense of inherited privilege or a society where the gap between the richest and the poorest never diminishes, then it is not in my view dynamic capitalism at all. It's rather a kind of mercantile feudalism, with owners and slaves, defended in one measure or another by the neo-Conservative gibberish of our American Republican friends. It has little to do with what you and I would call constructive Canadian capitalism. That kind of capitalism views human capital as being of no less value than the fiscal variety. It views equality of opportunity as the fundamental instrument by which we build our society, the way by which we reach out to people so they can use capitalism for themselves and for their families, for their communities. We don't view government always as wasteful or corrupt or unconstructive. But we look for government that is smart and focused on doing what it should do to sustain the integrity of the State, protect the opportunity for the individual, the freedom to innovate.

As a country we are unique. We're a young society — fresh, open, changing quickly enough in terms of demographics to build and shape something truly dynamic. Canadian capitalism that is constructive is constructive because it does not hold people back. It does not foster division and jealousy. It's an instrument with which we can build, individually, collectively and nationally. Let me offer some specifics. We can and should preserve the Crown Corporation in this country as an instrumental part of our economic and social development. But we must also have the courage to free-up our Crown Corporations from excessive and counter-productive competing accountabilities. Companies like CN, like the CBC, Central Mortgage and Housing and others, play critical and important roles. We should look long and hard at giving them more of the responsibilities to perform certain functions in our society, while allowing them the freedom to make a profit, a fair return and to generate some benefit for their shareholder, all of us tax-payers of Canada.

We often hear a lament that the stresses and strains of our federal-provincial system are an unbearable burden. I think that the process rolling out in Quebec, the process in the West, is an immense opportunity. The issue is not as the folks from Gallup would have us all believe, whether or not Canadians outside of Quebec wish to make concessions to keep Quebec in. The question is whether a dynamic re-Confederation that replaces a large and unwieldy federal bureaucracy that does too much, spends too much, services too much, with a strong national government that does essential things very well indeed, would be an improvement for Canadians. And the answer to that is a resounding yes, if Mr. Gallup ever has the courage to ask.

While the report from some Quebec Liberals proposes more of an utopian country club than what you and I would call a country, we should not set aside a rational debate on re-Confederation simply because the first volley from one committee of one provincial political party is so far off base. And we can and we should in the process develop, if we believe in free enterprise whatever our politics, a new capitalist manifesto for our own country, that frames a uniquely Canadian forum of capitalism that would embrace; the Constitutional right to own private property; the significant diminution of the central bureaucracy's power and influence; the opening of our budgetary processes for all to see and participate in; the simplification of our tax system; the strengthening of our military reserves to meet an ever-changing international agenda; the encouragement of individual improvement and betterment through a program focused on people as opposed to governments and institutions; strong national government that can speak for all Canadians on a key list of issues incorporating certainly no less than foreign policy, defense, energy security, criminal law, citizenship, customs, national measures of social justice and economic policy. And last, but by no means least, a strong Western hemispheric trade zone within which we can compete, grow and prosper.

And we should have the courage to ask some of the tough questions. Do we need to spend federally and provincially in this country $600 million a year to encourage multiculturalism? Could we not simply recognize everyone's right to their own heritage pursued on their own time and their own expense? Surely the non-discriminatory rules in our body of laws and statutes, Charter of Rights, and the labour codes and the human rights codes, sustain our commitment to pluralism and freedom. We would do better to spend some of the $600 million ensuring that Canadian history, the English or French language, our cultural and ethical imperatives, were clearly mastered over a short period of time by all new arrivals to this country. The rest could be put against the debt or to reduce taxes. And should we not through both population and immigration policy, be seeking to build in the next century a nation of 50 million people, a nation whose domestic economy and international clout would adequately advance our national values, our domestic and international purpose.

I certainly do believe that immense courage has been shown since 1984 by the Mulroney administration in facing the tough economic and political issues side-stepped up to that date. And I certainly do believe that with all the difficulties, that administration is best placed to lead us through the many shoals and difficulties ahead. That's my partisan bias. I also believe that we are a country that has been built because of a political will that defied natural rules of economic and geographic reality. We built a unique amalgam of collective, individual, community, regional and national strengths that make being a Canadian the most special of national experiences.

This is no time to let the forces of surrender operate at the expense of our national survival. This is the time to let a new spirit of optimism and determination committed to shaping the new society of fresh re-Confederation, enlist us all in a crusade that must not fail. A compelling national vision, a sense of our own national destiny, will make the small-minded, whether it be in Mr. Manning's coalition or in Mr. Bouchard's, irrelevant as the debate broadens beyond institutionalized envy and parochialism. With Canadian and allied troops facing immense sacrifice to protect us from incalculable evil on the other side of the world, evoking the rich memory for many in this room of others who have sacrificed in war and peace that we might sit here together in freedom today, surely those who follow us deserve nothing less from us than optimism and defiance in the face of any, East or West, French, English, or Native, who would turn their back on the Canadian idea. In a troubled and anxious world it is an idea whose beauty, decency and majesty have never mattered more. Thank you very much.

The appreciation of the meeting was expressed by Harry Seymour, Managing Partner, Waterston Group of Companies and a Past President, The Empire Club of Canada.

February 7, 1991

Dr. Ross F. Pottie

Executive Vice President,
National Research Council of Canada

THE COMPETITIVE EDGE: CANADA'S R&D STRATEGIES FOR THE GLOBAL MARKET

Chairman: **Harold Roberts**
President

Introduction:

Our guest speaker today was to be Dr. Pierre O. Perron, President of the National Research Council of Canada. Unfortunately, Research and Development has not yet come up with a cure for the current flu bug that has attacked so many of us over the past few weeks, nor has it found a solution for the laryngitis that has prevented Dr. Perron from addressing us today.

In his place, Dr. Perron has sent Dr. Ross F. Pottie, the Executive Vice President of the Council. A man of distinction in his own right. A native Nova Scotian, Dr. Pottie has a Summa Cum Laude PhD in Chemistry from Notre Dame University. He is a winner of the Governor General's Medal and has had a post-doctoral Fellowship from Notre-Dame and the National Research Council of Canada.

Aside from beginning his career with Dupont, U.S.A., from 1960-64, Dr. Pottie has worked for the National Research Council in Ottawa and Halifax. His field of endeavour has taken him into science & technology, treasury, physical sciences and engineering and laboratory work.

Dr. Pottie's curriculum vitae reflects the experience in a broad spectrum of Research and Development covered by the Research Council.

In the light of the announced plans earlier this week by the Governments of Canada, the United States and Mexico to expand the boundaries of the Free Trade Agreement, the need for Canada to develop a leadership in Science and Technology is even more paramount.

Part of the mandate of the Council is outlined in their 1989-90 Annual Report:

"As a source of basic scientific and engineering strength for the national interest, N.R.C. carries out R&D in collaboration with universities, other government departments and private sector organizations to produce significant benefits for the people of Canada in such diverse areas as health care, public safety, transportation, astronomy, environmental issues, and in the fundamental quest for new scientific and technological knowledge."

In a time of continuing rapid change and uncertainty, Canadians more than ever need to know their strengths and to believe in themselves.

Dr. Pottie is here to tell The Empire Club of Canada what the National Research Council is doing and would like to do to help.

Dr. Ross F. Pottie:

Thank you for that kind introduction.

First of all, I'd like to pass on the apologies of NRC's President, Pierre Perron, who is ill and unable to be here today. I know he was very much looking forward to speaking to you. I am pleased to be here on his behalf, representing an organization that celebrates its 75th Anniversary this year. Over the years, the National Research Council has earned recognition not only in Canada but around the world. So I'm especially pleased to address The Empire Club, an organization with an equally proud tradition whose name commands the same level of respect.

NRC's association with your group actually goes back to our roots, and so I see this as something of a "return engagement." Professor A.B. Macallum, the first Chairman of the National Research Council, addressed The Empire Club 75 years ago. He had a strong and urgent message on that occasion. In his words: "For this nation to develop, all of us must crusade for research. I have been crusading in this country; I have been crusading in the University, and now I am going out into the larger field to crusade, and I call on everyone to join me in the crusade." The crusade he spoke of with such passion back in December 1916 was a ringing plea for research. Back then, The National Research Council was only a few months old. Yet, Macallum's message sounds familiar today.

We haven't been shy about urging the importance of research and development during the past three-quarters of a century. But today our message is more urgent than ever. You see, Canada's relative well-being in recent decades has created a fool's paradise. And I'm deeply concerned that we'll all wake up one morning to a rude surprise. We'll find the prosperity we Canadians take for granted has vanished and our standard of living will no longer support the lifestyles and social programs we value so highly.

What could possibly make this happen? Quite simply our growing inability to compete with the rest of the world. The gap between Canada and our economic rivals has been steadily widening. And the future prospects for our economy are weaker than ever. One of the main reasons is that Canada's resource-based economy is a poor foundation for our future success. In fact, The World Economic Forum has compared Canada to a third world country, importing manufactured goods and exporting raw materials. Year after year we're running a consistent trade deficit in the higher value-added goods — that is medium and high technology products. The last figure I've seen is $15 billion. That's half of our total national deficit right there!

The World Competitiveness Report recently rated us **last** among the Group of Seven industrialized nations in industrial efficiency, and next to last in "Future Orientation." Our manufacturing labour productivity is half that of Italy and a third that of Japan. In short, Canada is simply not winning in the world economic games!

How can this be so? The yellow pages are full of businesses; our stock exchanges list hundreds of Canadian companies. Surely that's a good sign. Unfortunately not good enough. Canada's economy grew by only 3 percent in 1989, 1.7 percent in 1990 and is expected to slow to just over 1 percent this year. In today's free-trade environment and recessionary climate it is difficult to see how these trends can be reversed.

I heard a comment recently by economist Dian Cohen, whose words summed up our bleak prospects very well. She stressed the importance of a national commitment to innovation but wondered whether Canada could find the will to take action. And she warned parents that if their children chose technical careers, they'd better be prepared to visit them in foreign countries — because at the rate we're going that's where their jobs will be. I don't relish the thought, but she may be right. Sadly, many of our industrial sectors are behind the pack. Most of our goods and services are supported by technologies that have passed their prime. The crux of the problem is our low level of commitment to research and development.

Study after study has shown, both on the national level and within industries, that there is a strong correlation between spending on innovation and success in world markets. And innovation, let me stress, means far more than breakthroughs in pure science. It also means adapting and modifying processes and knowledge developed elsewhere.

One reason for Canada's low level of spending on R&D is what might be called our industrial profile. We have a large number of resource-based industries — they tend to make lower outlays on innovation. And we have many small and medium-sized businesses — they often find it difficult to justify expenditures for extensive research. There are other reasons, of course — the number of branch plant companies in Canada, our tax structure, the scarcity of venture capital, and even our cultural neglect of scientific and technological activity. But the hard fact remains — we're simply not investing enough in innovation and we're not investing where we should.

We've all heard the statistics so often now we can almost rhyme them off by heart. As a percentage of Gross Domestic Product, our spending on research and development is nearly the lowest among the G-7 nations. Countries such as Japan, West Germany, and the United States spend proportionately *at least twice* what we do. The Japanese file over 8 times more patents per capita than we do. The Germans 6 times. And what's worse, over 90 percent of patents filed in Canada come from abroad. In Japan 8 out of every 1,000 employees is a research scientist or engineer; in Canada it's half of that. We're told Canada will need an extra 10,000 to 20,000 engineers by the end of this decade.

With evidence like this, it's clear that Canada's prospects for the future are poor. Unless this country spends more on developing its brainpower — unless it invests more in primary research — and unless it takes its destiny into its own hands by supporting the kind of intellectual capital that will provide growth for developed nations, Canada will keep moving closer to economic catastrophe.

I'm concerned, however, that in the face of these realizations, we in Canada often do little more than recite our R&D statistics and performance indicators like a mantra. Repeating them constantly, telling each other the bad news. Almost believing that if we chant the numbers long enough they will magically change for the better. Sadly we seem incapable of decisive action to make that happen.

I'm reminded of another time some years ago when our national pride was hurt so much that we couldn't ignore it. We were all told then that the average 60 year old Swede could run circles around a younger Canadian. That wasn't easy to take, and in that case we actually did something about it. Thanks to a basic change in our attitude and a lot of hard work, not to mention Participaction, Canadians turned the tables. I'm told that the 60 year old Swedes now have a hard time keeping up with us. The same sense of national spirit and commitment is needed to work our country's R&D abilities into shape. I'd like to tackle that issue and give you my views on what's missing and what we can all do.

To start with, I do recognize we've tried. We've appointed Royal Commissions, had national conferences, given clarion calls to the provinces and made many attempts to develop a national science policy and a national industry policy. We've reorganized our federal departments to sharpen our focus on industry, science and technology. Yet we seem to have made little impact.

Why has our progress been so slight? Are the actions wrong or misdirected? Or is it, as I believe, that these issues present a more significant challenge for a nation like Canada than we have been willing to admit or have been willing to commit to? How have other nations overcome their barriers to achievement to emerge as global "winners?" Why has Japan risen to become a model of economic success? How has Germany focused its national will on accepted economic priorities and forged ahead to a position of dominance in the currently unifying Europe? What accounts for the almost lightning emergence of Korea as a manufacturing centre of world stature? And what's behind the recent miracle of the technological transformation in Spain?

What can we learn from these nations that seem to be doing better than we are? Most obviously, they are all willing to invest in R&D as a national priority. Take Japan for example. They've doubled their industrial R&D spending since 1980. But spending the money is the easy part. What is much harder is accepting that R&D investment is a priority and finding the national will to make that investment. That's what these countries really have going for them. Put quite simply, they all share the ability to build a national consensus and the ability to focus on narrowly defined industrial choices. Perhaps above all, they know how to move forward and stop re-examining the divisions of the past. They share a willingness to build a strong partnership among industry, financial institutions and government at all levels. What's important here is that this partnership is accepted and supported by both investors and workers.

Let me say it another way. Their successes have resulted from clear but differing expressions of national **leadership,** an element which seems lacking in Canada today. Instead, Canada appears preoccupied with areas that divide, rather than unify this nation.

When I talk of leadership, what do I really mean? Is it the political leadership of nationhood so familiar to the days of Sir Wilfrid Laurier when he spoke of the 20th century belonging to Canada? Or is it more of a declared partnership within the nation to work towards a common goal? I recognise that leadership cannot be shared. Leadership must respond to a clear vision and a firm understanding of how to move to that vision. But leadership breeds leadership and, in the end, can create that commonness of purpose we call national consensus. Our very history as a nation provides rich examples. Sir John A. Macdonald showed true **economic** leadership with his vision of a united Canada linked by a national railroad. Donald Smith, later Lord Strathcona, picked up that vision of a national railroad and provided the **financial** leadership to make it possible. Finally, Sir William Van Horne added the **technical** leadership, putting in place the engineering skill needed to convert that vision into physical reality. All are examples of leadership, yes, but built on a declared and supportive partnership which gave us the beginnings we are so familiar with.

I do not believe we have today such a clear path to national consensus. We seem to have lost the ability to work together to choose those components of excellence in Canada that will allow us to achieve this consensus. It becomes difficult, therefore, for you in the private sector or for me and my colleagues in the public sector to build on those points of excellence. I believe the time is now urgently upon us to start to rebuild a national consensus. And we must begin that building by working together and focusing the available expertise on targets of opportunity we can all agree on.

We often spend a lot of time in discussions like this talking of the resources Canada is spending on research and development, on technology transfer, and on developing an appropriate base of highly skilled manpower. As I said before, the usual pattern is for us to examine how far we are from some arbitrary spending target, and try to pin-point the main problem. Invariably we find that instead of inching forward towards our goal, we are slipping back a little farther every year.

Evidence is that the Government is doing more than its fair share but is probably not spending enough in absolute terms. Today, Government spends about the same as industry and accounts for just under half the R&D spending in Canada. In 1989, the Government spent $2.5 billion on R&D — that is twice what it spent on R&D ten years ago. Relative to Canada's Gross Domestic Product, this outlay is comparable to those of some of the leading OECD countries. But what about industrial R&D? In Canada, industry accounts for only about 50 percent of our R&D. In countries like the United States or Switzerland industry performs more than 70 percent of their R&D. And the sad fact is that only about 3 percent of Canadian manufacturing companies do any R&D at all.

How can we not wake up to the gravity of our situation? We must have a greater sense of urgency and fix R&D as a national priority. We must have the courage and the national will to set our priorities and stick to them.

We should not argue about what we all recognize to be true. Instead, we need to find a way we can build on our strengths and achieve a national vision that is acceptable to all Canadians. We must find a way to capitalize on the sources of excellence in Canada. And we must find a way to forge these into economic strength. If we are to profit from the technological dimensions of our opportunities, we must apply all of the scientific and engineering competence we can muster.

Much of our national strength in science & technology is in government laboratories. Laboratories whose benefit is often badly undervalued. Considering the scarcity of R&D resources elsewhere in Canada, these are a national treasure, a treasure essential for the future. Yet we have neglected this splendid resource for many years. Our country, through its governments, has failed to identify priorities, has not made the tough choices of where we should concentrate our strength. Instead, in the absence of a national consensus, we have tried to give even treatment to all of our efforts — to winners and losers alike.

This has led to a lot of hard choices and a grinding down of our valuable R&D resources. At NRC we have had to make many tough choices in recent years. We chose what we could do best with the resources we had. We chose what we understood was needed by the country now and in the future. And we swallowed hard and made the difficult decisions to close down the rest. It wasn't easy, but I believe our actions have increased NRC's overall strength and given us the clarity of purpose to meet the national challenges ahead. There is every indication now that the National Research Council's programs can spearhead the changes that are so critical to this country's future. Our initiatives which I'll discuss in the remaining minutes, depend on your support for their success. And they depend above all on the cooperation of Canadian business, universities and governments.

First, who are we and what do we do? Put simply, NRC is Canada's leading science and engineering organization. We're 3,000 strong with an annual budget of over $400 million. We have laboratories and other technical facilities to serve Canadians in all regions of the country. We're there to support Canada's science and engineering activities; to do Research & Development; to stimulate investment in R&D; and to ensure vital expertise and knowledge is available where needed. Our challenge is to work together with all

R&D players in Canada to raise Canada's competitiveness and preserve our economic well-being. Next week NRC will be launching a new Long Range Plan. The goal of that Plan is to improve Canada's competitive position. By the end of this decade, we intend to double the R&D we stimulate through partnerships with industry and academia.

Over the next five years we'll focus on initiatives in three broad areas.

First, we will maintain and strengthen world-class research. The National Research Council's top priority is to support its employees in world-class R&D, and to support such efforts in other sectors. This research excellence gives NRC the crucial base of knowledge and expertise needed to serve its clients and partners.

Second, we will work in partnership with industry and universities. Much of what we undertake is what we call "pre-competitive research." In the end several firms may share a common base of new knowledge, but choose to develop it in different ways. The result, as we've found in the past, is a strengthened position for all the businesses involved. NRC's partnerships will deal both with the research itself and the special people required to support it. A well trained, technically-skilled workforce will be a key element of industrial capability and Canada's ability to increase R&D investments. NRC's Plan will see our laboratories provide a range of training programs offering unique on-the-job experience. In this way, NRC will enhance its contribution to the national pool of highly skilled people.

Third, we will work to develop Canada's competitiveness. Among other contributions, we will provide facilities and research for firms that may be too small to justify the outlay for researchers and elaborate equipment. And we will strengthen our world-renowned Industrial Research Assistance Program.

I can give you many examples of the kinds of results we have achieved. For instance, NRC has recently helped create the Solid State Optoelectronics Consortium. It brings together several firms in the communications hardware business to develop the next generation of technology for optical chips — which will replace current microelectronics. We have also brought together Canada's best loudspeaker manufacturers in a joint project to develop "smart speakers" — that will adapt automatically to provide top-quality sound in any room. And we are working closely with the plastics industry and their industry association, the Society of Plastics Industries of Canada, towards priorities the industry has defined for itself. I could go on. But these, and similar efforts elsewhere, can only be the start. There is much, much more that needs to be done.

Our bottom line? To spur further activity and encourage independent research and development in important areas of competitive advantage for Canada. Our new Long Range Plan underlines the fact that NRC has the mandate and the strength to lead the way in important technological areas. I believe too that we have the confidence to do so, and I encourage industry and other partners to join with us to sharpen Canada's competitive edge.

In the final analysis, however, NRC can only be a catalyst. Our budget and efforts are no substitute for outlays by business and others. We can't achieve technological superiority on our own. All three sectors — industry, universities and government — will have to make a commitment to the same national goal. Industry must devote more resources to R&D — recognizing that such expenditures may produce real gain only in the long-term. Businesses now more preoccupied than ever by the bottom-line will no doubt see R&D investments as expensive, particularly in times of recession. But failure to spend on R&D will be much more costly in the long run.

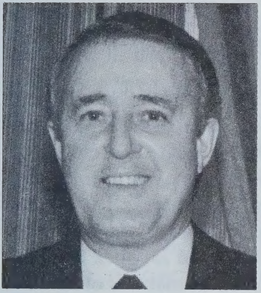
Most of all, government must champion the R&D cause. The Minister of Finance for Canada is right: we must do something about our fiscal situation. There's no better way to bring about long-term financial health than by supporting innovation.

We need a national strategy supported at every level and funded on a long-term basis. The joining together I have been talking about will require all the partners to attain a degree of trust in each other that certainly won't be easy, given the experience of recent years. But if we do not develop that trust and that ability to work together, to plan together, to make choices together, then we shall be back to contributing to the words but failing in the actions.

We all must realize that the stakes are high, and that we as Canadians have much resting on the decisions. Our future well-being as a nation demands a strengthened commitment to research and development.

I trust that 75 years from now my descendant at the NRC will address The Empire Club and praise this generation for its foresight.

The appreciation of the meeting was expressed by Robert Brooks, Executive Vice President, Bank of Nova Scotia and third Vice President, The Empire Club of Canada.



February 12, 1991

A joint meeting of
The Empire Club of Canada
and The Canadian Club
of Toronto

The Rt. Hon. Brian Mulroney

Prime Minister of Canada

RE-CONFEDERATION. A TEST OF WILL

Chairman: **Harold Roberts**
President

Introduction:

Honoured guests, ladies and gentlemen; it is once again a great privilege to welcome the Prime Minister of Canada, the Rt. Hon. Brian Mulroney as our guest speaker at this special joint meeting of The Empire Club of Canada and The Canadian Club of Toronto.

The Prime Minister has addressed our members on three previous occasions. Once in 1984: the issue was a pending election and he was Leader of the Loyal Opposition. The second time was in June of 1988 when he brought along a special guest by the name of Ronald Reagan, at the conclusion of a most successful economic summit. Later that same year he returned to present a case for the pending Free Trade Agreement. I need not remind you Sir, that each time you spoke you got what you wanted; elected; improved economic relationships and free trade.

Today we find Canada, unfortunately, at war in the Persian Gulf and, in the post Meech Lake discussions, deeply divided at home.

Someone once remarked bitterly to Benjamin Franklin that the Constitution of the U.S.A. was a booby trap. "Where is all the happiness it is supposed to guarantee for us?" jeered the cynics. "Look at the bickering, the injustice, the poverty."

Franklin smiled tolerantly and replied, "All that the Constitution of the United States guarantees, my friend, is the pursuit of happiness. You have to catch up with it yourself."

The bringing to Ottawa of Canada's own Constitution by Prime Minister Pierre Trudeau was deeply flawed in its exclusion of Quebec. The attempt of the Meech Lake Accord to rectify that shortcoming was also found to be short of the mark.

The preliminary discussions of Keith Spicer's forum are indicating a great dissatisfaction on the part of many Canadians with the status quo. Late last year our joint clubs heard Jacques Parizeau present an alternative to the Canadian federation that few of us were happy about. "One nation, under God, from sea to sea." That was the vision of our ancestors. A common sense of pride in harnessing the wilderness, in tying the nation together with bands of steel. A nation rich in resources, faithful in the cause of peace and very tolerant.

But what has happened? Why, when we have so much, do we have such unrest?

Prime Minister, we need a vision to draw us together. Please give us that vision today and perhaps once more this forum can provide a basis for success.

Brian Mulroney:

Since the turn of the century, members of The Empire and Canadian Clubs have been concerned with important issues of Canadian public policy. I have come here today to discuss the most fundamental issue of all — the future of Canada itself. The question is whether we still want to live together in this country, for a country exists first and foremost in the hearts of its people.

We are entering a period in the life of Canada that will test our will, and our idea of Canada. Canadians today are concerned with the economy, but in the end, economic prosperity depends on national unity. A united country sends a strong positive signal to the international investment community. A divided country creates a climate of uncertainty, and political uncertainty leads inevitably to economic stagnation. Our prosperity is not what it could be. Our unity is not what it should be. Together, we must work on both.

The need for change runs deep in every region of the country. The challenge is not the demand for change, the challenge is to get it right. The issue is not change for the sake of change, but change for the sake of a better Canada. It's one thing to recognize we have problems — and we do — but that's no reason for anyone to give up on Canada.

If we are wise, as well as bold, we have an opportunity at this moment of perhaps our greatest challenge to create a modern, efficient and dynamic Canada for a new century. Canadians want a country that reflects the diversity of the regions and upholds the integrity of the whole.

Canadians now have an opportunity to express their views through the Citizen's Forum on the federal level, and a number of public commissions on the provincial level. The Joint Committee of the Commons and Senate will also be seeking the views of Canadians on improving the process for constitutional change. Once we have heard as broad as possible a spectrum of views, the Government of Canada will bring forward a comprehensive proposal for a new and stronger Canada. Without pre-empting anyone's views or recommendations, today I would like to explain a few realities and state my own principles and bottom lines.

I begin from the premise of a strong and united Canada. We have every intention of restructuring Canada. We have no intention of dismantling it. Every generation of Canadians has, at difficult moments in our history, made its own contribution to Canada.

Twenty years after Confederation, Sir Wilfrid Laurier surveyed the emerging Canadian landscape and expressed deep pessimism at what he saw: "The province of Manitoba [was] in open revolt...the province of Nova Scotia demand[ed] its separation from Confederation...In fact...from East to West and from North to South...the prevailing feeling [was] one of unrest and uneasiness, of discontent and irritation." And three years later...exactly a century ago...Laurier warned that: "We have come to a period in the history of this young country when premature dissolution seems to be at hand."

And yet, here we are 100 years later, having dealt effectively with Laurier's fears and required today to confront new ones. There is no reason to dwell on how we arrived at this difficult moment, but every reason for this generation of Canadians to grasp the opportunity it offers. That means we have to turn a page of our history before we can write the next chapter.

We have to be alive to the sense of deep rejection felt in Quebec at the failure to ratify the Meech Lake Accord. A great sadness, followed by anger, overtook those Quebecers who were strongly saying yes to Canada, when it became apparent that the agreed-upon accord would not be adopted. But a sense of hurt over a constitutional failure — however real — is insufficient reason for Quebecers to give up on Canada. You don't change convictions, or countries, the way you change shirts.

Let's understand something else. The Government of Canada does not speak for what some mistakenly refer to as "English Canada." The Government of Canada speaks for all Canadians, including Quebecers. And whoever is Prime Minister, wherever he or she comes from, speaks on behalf of all Canadians, whether their language is English or French, whether they live in Quebec or the Yukon Territory. I have this message for all Canadians: let's stop throwing around careless statements, like: "Let them go" or "Quebec is already gone so let's get someone to negotiate the separation agreement." I know that many Canadians are offended by repeated suggestions from some in Quebec that federalism has brought nothing but misery to the nation. As Canadians, let's resist retaliatory messages equally unhelpful, and let's begin to restore mutual understanding and respect among the partners in Confederation.

What some people call "the rest of Canada" should understand is that Quebecers will never negotiate on their knees, and Quebecers should understand that "the rest of Canada" cannot be expected to negotiate "with a knife at its throat" — as a prominent Quebecer recently recommended. We have become so addicted to recrimination and division that we have become almost immune to the damage being inflicted on our country. And, in the process, we have tended to forget the remarkable accomplishments that have grown from affection and unity.

Let's look at what we've got before we give it all up: The quality of our lives can be seen through the windows of this hotel — first rate schools, clean subways, excellent health care, safe streets, marvellous recreational facilities and widespread economic opportunities. Not perfect, perhaps, but a quality of life that is admired by people around the world, millions of whom dream of becoming citizens of a great country called Canada.

With only 26 million people, we have built the eighth largest economy in the world; we belong to the G-7 Summit Group of leading industrialized countries that met here in Toronto in 1988; among those countries, only Japan had a stronger growth rate between 1984 and 1989; no G-7 nation matched Canada's employment growth in that period; Canada has the second highest per capita income of the 24 OECD countries, and an average family income last year of $50,000. So let's not pretend there are no political, economic or social consequences to the break-up of this country.

For all Canadians — no matter where they live — the loss would be enormous. Quebecers would lose their place in one of the most prosperous, influential and respected countries in the world. And "the rest of Canada" as some call it, would become "what's left of Canada," with the Atlantic provinces completely cut off, and the West overwhelmed by the economic and population clout of Ontario. Half the population of Canada would live in Ontario, more than half the economic wealth would be produced in Ontario, the Parliament of Canada would be effectively controlled by Ontario and Ontario alone would be able to veto constitutional change. Even with all the admiration and respect Canadians have for Ontario, how do you think that would go down in the West? or in the Maritimes? What kind of Senate reform could they then expect?

Those who for decades have resented what they perceived as Central Canadian dominance, would be well advised to consider that the situation would only worsen, and not improve, under this scenario. In thinking about these questions, let's not forget that Canadian unity brings important economic benefits. We are more than neighbours, we are also important customers of one another.

In 1989, Ontario sold $35 billion worth of goods to other provinces. Nearly half of Ontario's interprovincial sales, some $16 billion, were to Quebec. And Ontario imported $13 billion worth of goods from Quebec. That's a two-way trading relationship of nearly $30 billion. And 200,000 jobs depend on this relationship continuing. The balance of interprovincial trade cuts the other way, as well. In the manufacturing sector, Quebec makes 17 percent of its deliveries to Ontario, while Ontario makes 8 percent of its deliveries to Quebec. Altogether Quebec sells 26 percent of its manufactured goods to other Canadian provinces, as opposed to only 21 percent in global export sales, including those to the United States.

But the real spirit of Canada is not measured in dollars, its strength is not measured in tons or bushels, nor is its influence measured in square kilometres. Canada lives in the hearts and minds of every Canadian. Who among us hasn't felt a surge of emotion on hearing our national anthem, or in seeing the Maple Leaf sewn on the knapsacks of young Canadians abroad? I don't know of many Canadians who aren't deeply moved when they visit our military cemeteries in Europe or Asia, or who haven't felt a quiet sense of pride when they see the superb job being done by men and women fighting for peace under the Canadian flag in the Persian Gulf.

Well, it is because we love this country, and because quite frankly this country needs a little love right now, that we must find it within ourselves to renew our bonds as Canadians. I don't agree with those who are ready to throw in the towel. For my part, as long as I have strength, as long as I have life, I will believe in and work for the benefits, moral and material, that a united Canada confers on all of its citizens. For the issue that confronts us today is not Quebec and "the rest of Canada," the issue is Canada, period.

We must deal with the sense of powerlessness in the West, and disparity in the Atlantic. We must listen to the concerns of the North and the voices of our aboriginal peoples. We must seek to understand the growing feeling of frustration of many Ontarians whose contribution to Canada is rarely recognized. We must find a way to ensure that Quebecers, whose special character so enriches the distinctiveness of our national life, become willing and enthusiastic partners in Canada. This means our Constitution must ensure the capacity of Quebecers to develop their unique personality within Canada. There should be little doubt about the fact that Quebec brings an enormously important dimension to Canadian life. To conceive of Canada without Quebec's vibrancy and uniqueness is to envisage a greatly diminished nation.

While we're prepared to look at new arrangements, several basic principles must be respected. Let me state them here today. First, any change should lead to a more prosperous Canada. This has been the bench-mark of federal economic policy, from the Free Trade Agreement, to privatization and fiscal changes such as the Goods and Services Tax. The issue is not whether a policy is popular, but whether it is right; not whether there is some painful adjustment in the short term, but whether it ensures prosperity and economic strength in the long term. If it can be demonstrated that a transfer of some federal jurisdictions to the provinces will enhance the prosperity of Canadians, the federal government will not hesitate to agree to it. But the process of re-Confederation is a two-way street. There may be some things now in provincial jurisdiction that could be handled better by the federal government, as Canada is called upon to confront the challenges of globalization in the 21st century.

Second, and in this same context, the federal government will promote constitutional changes that lead to a more efficient federation and a more competitive nation. There are far too many overlapping jurisdictions in this country. Canadians are over-governed. It does not diminish or increase the authority of the central government to eliminate waste and duplicated services, including those in its own system. We also need to eliminate barriers to trade among the provinces, which diminish our international competitiveness.

Third, we must be guided by fairness — we want a Canada that respects not only the diversity of its citizens, but also their equality.

Fourth, let's not be tied down by stale dogma or tired ideology. We have had quite enough constitutional dances on the head of a pin in Canada. In the last constitutional debate, the perfect became the enemy of the good. Had the same stringent tests of perfection been applied to the BNA Act as were applied to Meech Lake, the Fathers of Confederation might have never got Canada off the drawing board and on the way to nationhood. So in the next negotiation, let's ask what's practical. Let's ask what's do-able and how to get it done. Let's look at common features of the various agendas, and let's look where differences can be reconciled, for the good of all.

Fifth, we need to maintain certain national standards in the interests of all Canadians. This means, for example, that pensions must be portable, and that health care must be accessible for all Canadians. It also means that, in shared jurisdictions, such as the environment, we have an absolute duty to Canadians to work together in the common interest. Acid rain does not respect provincial boundaries or national borders. Neither do toxic wastes in the St. Lawrence River, many of which come from the Great Lakes, and which then proceed to kill Beluga whales in my own riding of Charlevoix, hundreds of kilometres away.

Sixth, we are prepared to consider any and all arrangements that have the effect of moving decision-making closer to the people and involving people in the decision-making process itself. Ottawa does not always know best. The record clearly establishes that. Other voices and approaches must be encouraged, not stifled.

Finally, we must safeguard the rights of all Canadians. It is enough that we already have one notwithstanding clause in the Charter. In my judgment, that is one too many and I can assure you that we will have no more. Those are my bottom lines.

In any constitutional discussions, the Government of Canada will not be a referee. Vital Canadian interests are at stake, and the federal government will be playing a strong and vigorous role in articulating and defending them. Let me be clear: Canada is not up for grabs. Either you have a country or you don't. You can't have it both ways. My country is Canada. I intend to strengthen it and I intend to keep it.

Within the framework of a strong and united Canada, there's a lot of room for discussion and modification. There is nothing about our Constitution that is, or should be cast, in stone. There is nothing timeless about it, either. Change is possible, change is needed and change is coming.

In the months ahead, I look forward to receiving the views of Canadians from all the regions and provinces of Canada, as well as from the Territories and our aboriginal peoples. While we need to be realistic about the gravity of the situation, I believe there is ground for hope. There are enough shared values, and enough common ground to bring Canadians together.

Quebecers want real change, and so do all Canadians. Quebecers want a durable solution to this issue, but so do all Canadians, so we can all move on to other questions, and get on with the rest of our lives. Quebecers want their difference respected and Canadians all across Canada want their diversity acknowledged as well. Quebecers may be uncertain about their constitutional future, but ask them if they want to give up their Canadian citizenship or their Canadian passports or whether they no longer wish to send MPs to Ottawa.

Ask them those questions directly and clearly and I believe they will respond that the answer is no, because of our shared values, common experience, and impressive achievements as Canadians. Tomorrow, I will be speaking to the Chambre de Commerce in Quebec City and I will be asking Quebecers to consider what we have achieved together in Canada, what we have achieved as Canadians.

As in any relationship, there are advantages and disadvantages. We often hear the metaphor of Canada as a marriage, as a "mariage de raison," a marriage headed for divorce. It's not my metaphor of choice for Canada, but let's consider it for a moment. Divorce is expensive, corrosive and, inevitably, leaves bitterness on both sides. Reconciliation isn't easy either. It requires humility and understanding. It means not only the partners to the marriage but all the members of the family sitting down and talking through their problems, and achieving a resolution of them. I believe that once Canadians consider the cost and consequences of divorce, they will choose the option of reconciliation. We will not solve our problems by pretending they don't exist. They do and they're serious. In dealing with them, we need a strong sense of realism, but we also need a genuine sense of perspective.

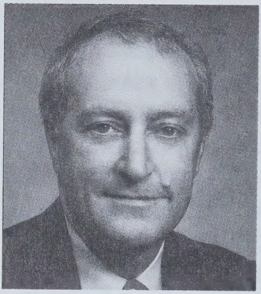
When you travel abroad, as I'm privileged to do in my position on behalf of Canadians, you quickly notice two attitudes about Canada. First, how we are the envy of the world for our freedom, our prosperity and our way of life. And second, how could a country that has so much, possibly be talking about breaking up?

Truly, we do need to see ourselves as others see us. This is a good country, worth building, worth keeping. It was worth the efforts of the first Canadians — our aboriginal peoples — thousands of years ago. It was worth the effort of the first settlers — French- and English- speaking,— hundreds of years ago. It was worth the effort of those who came from Eastern Europe in one generation, and East Asia in the next, and from all over the globe every day since. It was worth the efforts of those, our own parents in many cases, who built towns where once there had only been wilderness.

Canada is worth the effort because of the values we set store by in this country: respect for diversity and for one another's language, culture and religion; respect for the rule of law; a sense of honourable compromise that is ingrained in our national character; an impressive degree of pluralism, and a welcome openness to the world. It's quite a country, all right, and we can be challenged now, as never before in our history, to keep it together. I believe we can, if we listen to the farsighted wisdom of Sir John A. Macdonald, over a century ago: "We are a great country," he said, "and shall become one of the greatest in the world if we preserve it. We shall sink into insignificance and adversity if we suffer it to be broken."

For those who fear the future, whose confidence has been eroded by calls for regionalism, whose faith has been shaken by appeals to division, I propose a greater dream: a new Canada, emerging from the darkness of doubt and the dismay of lost opportunity; a new Canada, re-confederated, rebuilt and reborn, that will be modern, flexible and competitive, able to satisfy both the hopes of our newest immigrants and the pride of our founding peoples; a new Canada where all Canadians, French-speaking and English-speaking, come to admire one another for what we have achieved together and love Canada for the majestic contribution she has made to the cause of peace and justice throughout the world.

The appreciation of the meeting was expressed by Al Jameson, President, The Canadian Club of Toronto.



February 14, 1991

Dr. Giacomo Capobianco

President & CEO, The Coal Association of Canada

THE REORDERING OF PLANET EARTH: THE DEVELOPMENT OF RATIONAL POLICIES IN A SHRINKING WORLD

Chairman: **Harold Roberts**
President

Introduction:

When I received a phone call last September from Ed Shiller to enquire whether or not The Empire Club might be interested in having an address from Dr. Giacomo Capobianco, President of the Canadian Coal Association, I must confess I was somewhat taken aback. Who in the world used coal any more? I was even more shocked to hear a suggested title for the address "Energy, the Economy and the Environment." Coal and clean environment just didn't seem to fit together.

Well, I did some enquiring and quickly discovered that, although it has been some time since the coalman delivered bags of coal and dumped them on a conveyor belt that carried it through a window in the side of the house to the coal bin, coal is still very much in use in energy production, steel production and in many other areas of heavy industry. It is still also one of our major resources.

Well, if I was so ill informed on the former aspect of coal use I might also be off base in my understanding of coal and the environment.

Coal, its production and use is still very much a national concern. It made sense to me to invite Dr. Capobianco to address our members.

Dr. Capobianco has spent his whole working life in the mining industry. He holds a B.A. in Applied Science from the University of Toronto and a Masters of Science and Doctorate of Philosophy from Massachusetts Institute of Technology. Dr. Capobianco joined Esso Resources Canada Ltd. in 1979 as Vice President Coal and President and Chief Executive Officer of Byron Creek Collieries, a unit of Esso. He held this position until early in 1990 when he assumed his present position as President and C.E.O. of the Coal Association of Canada.

Garnet Page, a past Coal Association President and now a Coal Consultant to the Alberta Government, describes Dr. Capobianco as a "good manager, a good delegator, and very bright."

Getting coal producers and coal consumers to pool resources and to work together for the sake of the industry is high on the agenda of the association.

Tamsin Carlisle of the Financial Post in July 1990 wrote: "It is an ambitious agenda and Page doubts it is practical. In particular, Canadian coal producers and coal consumers will not easily form a big happy family within the same industry associations. They are more likely to bicker endlessly over issues such as coal pricing.

But if anyone can pull off this ambitious dream, it is Capobianco, Page contends.

Ladies and gentlemen, Dr. Giacomo Capobianco, President of the Coal Association of Canada.

Dr. Giacomo Capobianco:

Fifteen months from now 159 nations represented by their heads of government will gather in Rio de Janeiro at the United Nations Conference on Environment and Development. Madame Gro Brundtland described the purpose of that conference as follows, "It must commit the governments and institutions of the world to a radical and far reaching overhaul of our management of this planet. It must reorder global scientific, economic and political priorities for the next century and beyond. It must recognize the urgency of our common crisis."

Beginning February 4th of this year, many of these same nations, represented by their negotiating teams, began two weeks of meetings in Washington, D.C., as the first of several such meetings designed to ensure that in June of 1992 agreements will have been prepared for signature by the 159 nations to achieve the conference's goals.

My question to you today is "Are you ready?" Perhaps the question might be more accurately phrased, "Is the Government of Canada ready?" Or perhaps the question should be "Are the people of Canada ready?"

I would suggest to you today that the answer to all of those questions is no. Let me use as an example what I have taken in the past to be a widely known fact in Canada — that this country has committed to capping its emissions of carbon dioxide to the atmosphere from man-made sources at the 1990 level by the year 2000. I have found however, that many of the people that I have spoken to are unaware of the cap and the commitment, let alone have any idea of what it might mean for Canada and Canadians. Most however, do identify CO_2 as an important greenhouse gas which has been increasing in the earth's atmosphere.

This commitment was first made by then Minister of the Environment, Mr. Bouchard, when he declared Canada's commitment to the so-called Bergen Declaration in 1990 and has been repeated many times since. Late last year in Geneva Minister de Cotret said, "Canada commits to a stabilization of CO_2 emissions at the 1990 level by the year 2000." He further committed that we would examine the practicality and impacts of further reductions. Interestingly, by the time of publication of the Green Plan, this commitment was being referred to as a goal.

In the interim, some effort had been made by Energy, Mines and Resources and others to investigate how Canada would achieve the Bergen commitment, and it began to become apparent that this was no easy task. There appears to be no known way to achieve such a reduction without significant disruption to Canada. Obviously, since we don't know how to achieve the commitment, we certainly have no idea of what the actual costs of achieving it may be, either socially, financially, regionally, or in terms of our international trading position. Isn't it amazing then that the Government of Canada would commit in the international arena to such an action without having answers to these questions?

Now I want to come back to the process of exactly how that happened, but first I will point out that I have used only one example of why I think the answer to whether we are prepared or not for Brazil '92 is no. The issue of climate change is only one of a host of such issues which will be considered in Brazil. Every one of them is of great importance, certainly some of more importance in other parts of the world than Canada, but they are issues which humanity must address in a thoughtful and practical fashion. For example: climate change, ozone depletion, transboundary air pollution, deforestation, desertification, soil loss, biodiversity, biotechnology, marine pollution, fresh water, disposable toxic waste, poverty and environmental degradation, the urban environment, environment and health, new and renewable sources of energy, and a host of others.

All of these issues must be addressed if we are to attain sustainable development, a phrase brought to us by Madame Brundtland in the now famous study "Our Common Future." If the conference is successful in dealing with all of these issues, the expectation is that there will be four international agreements signed, one on climate change, one on biodiversity, one on forests, and one on biotechnology.

An "earth charter" is expected, laying out the moral framework for the management of this planet, and ensuring the developing countries' rights to sustainable development, citizens' rights to clean water, clean air, etc.

Another key output of the conference will be "Agenda 21," which is an environmental agenda and action plan for the next decade, built upon input from all sectors of society and impacting all sectors of society. As you can plainly see, the issue of CO_2 and potential climate change is but one of many. For the industry which I represent, the Canadian coal industry, it is of course an extremely important issue. Unfortunately, of all the issues related to environment and development, this highly emotional and widely publicized topic is based on the most unreliable scientific evidence of any.

Even the panel of some 700 distinguished world climatologists gathered under the United Nations Auspices in the Intergovernment Panel on Climate Change stated that while they felt they could confirm that global warming is actually taking place, they stated unequivocally that there remains great doubt as to the magnitude of any possible change, the timing of such change, and the possible consequences. At times these doubts are frequently swept aside when the issue is under debate. Indeed in Canada any one brash enough to debate the science at this point in time is regarded as out of date, Neanderthal, and "not being helpful."

And so we come to Canada having agreed to cap its CO_2 emissions in order to limit the potential for climate change. Why would we do that? Why would we position ourselves as one of the countries on the leading edge of commitment on this issue? It appears that the motivation is to show that Canada is doing its part in taking precautionary measures in case the much-threatened climate change issue is a reality. But is it a wise move for Canada? Can we have been driven by guilt feelings because on a per capita basis Canadians are credited, or discredited, with using more energy than any other nation on the face of the earth? Is there a logical reason that we use so much energy? Does it mean that we are, as all too many unthinking arm-wavers would have us believe, "energy pigs."

I believe that Canada can be significantly more efficient in how it generates energy, be more conservation minded in how it is used, and be more mindful of how energy use impacts our environment. However, I recently read an amazing statement by a Vice President of the International

Development Research Centre of Canada which said, "The average Canadian uses 40 times as much energy as the average resident of India." I think that beautifully encapsulates the unthinking flogging of the idea that Canadians are energy pigs. Surely two minutes of thought might lead one to question the comparability of the Canadian and Indian economies. Surely no one wishes to see the Canadian economy reduced to that of India!

Now we have seen the service sector grow and grow rapidly in Canada, but make no mistake, that service sector is built on the backbone of this country which is our raw materials and resource base. As I have said recently, a computer is a wonderful thing and certainly the information age is upon us but you have to be able to plug a computer in. The electricity to run that computer does not come out of thin air. It is but a microfraction of one of Canada's greatest strengths, its diverse, abundant and low cost supply of energy in all forms. And here I would like to explain the role of coal in the Canadian energy supply picture. Over 80 percent of our hydrocarbon reserves are coal, which means that at current levels of usage we have hundreds of years of reserves, compared to 50 or 60 for oil and gas. On a world-wide basis the situation is the same. So of the fossil fuels, coal is clearly our most sustainable choice until some form of totally environmentally benign energy can be found. And coal can be used cleanly. Control of particulate emissions was achieved some time ago, and the technology to control emissions of acid gases, the precursors of acid rain, is certainly proven and available, even though our U.S. neighbours have had some political delays in putting it in place.

To reduce emissions even further, and to reduce CO_2 by improving electrical generating efficiency, the Canadian coal industry, funded in part by Federal and Provincial Governments, is sponsoring a commercial scale demonstration project of a new technology called Integrated Gasification Combined Cycle, which holds great promise. We expect the plant to be located in Alberta or Saskatchewan — but it could be built here in Ontario.

And it is important that we use coal in the cleanest, most efficient manner possible. Coal is an important source of low cost energy for Canada. Eighteen percent of Canada's electricity is generated with coal, and in the four major coal using provinces the average is over 60 percent. It is interesting to note that in Alberta, where over 90 percent of the power is coal-based, the most extensive study done anywhere on the subject found no indication of an acid precipitation problem. Here in Ontario 24.5 percent of your power is coal-based. Some two billion dollars of Canada's exports is coal, our largest single export to our second largest trading partner — Japan.

Unfortunately, whatever fossil fuel is burned, it generates CO_2. But in the case of Canada, which has been decried as an energy pig, and castigated for producing two percent of world CO_2 with only 0.5 percent of world population — whose CO_2 is it? On whose behalf does Canada generate this CO_2? Clearly we use energy in Canada for our own national needs.

But I must point out that roughly 75 percent of our industrial energy consumption is used by five basic industries — pulp and paper, iron and steel, mining, chemicals and non-ferrous metal processing. Because we have the resources to support these industries, and a high productivity work force, we are among the highest per capita producers of aluminium, nickel, copper, potash, gypsum, lead, uranium, zinc and coal, as well as wheat, oats, barley, and forest products. And I need hardly tell you that a high percentage of these products is exported to other countries so that clearly we are being "charged," as it were, for the CO_2 contained in our exported products. It should also come as no surprise that on a per capita basis Alberta produces more CO_2 than any other province in Canada, and is second only to Ontario in total CO_2 production. Why does Alberta produce so much CO_2? Of course the answer is that Alberta also produces much of

Canada's energy. It is as illogical to charge Alberta with that CO_2 as it is to charge Canada with CO_2 generated in producing export materials. On a gross basis, it would appear that Canada is 70 percent more energy intensive than the average of the United States, the United Kingdom, Italy, Germany and France. Adjusting for climate differences and the content of exported materials, along with what amounts to a bookkeeping adjustment in how electrical energy is accounted for, Canada's energy consumption is only 7 percent higher than the average of those countries and Canadians are spread out over much greater distances.

Thus, considering this fact, and the fact that Canada produces only 2 percent of the world's man-made CO_2, and recognising that Canada's well-being as a nation depends on its use of energy, it becomes difficult to understand why Canada should be at the forefront in limiting its CO_2 emissions.

Let's examine then the process that led us to this commitment. It is very clear that by whatever tactics, the environmental movement has been able to make global warming a major issue in the public mind. As a result, it has become a major issue in the minds of our politicians, and hence, for whatever reasons, we find the Minister of the Environment for Canada making international commitments on behalf of this country.

Now first of all I always understood that this was the role of the Minister of External Affairs. More importantly, were these commitments debated beforehand within the party? — I doubt it. Were these commitments debated in the House of Commons? — absolutely not. Were these commitments made after consultation with all the stakeholders? — certainly not with industry, certainly not with the provinces, certainly not with the key province of Alberta. As a result, there is a high level of dissatisfaction not only with the result but also with the process.

But, you may say, ever optimistic, I'm sure the Federal Government learned a great deal about how to follow the correct process. Not so! They have done it again. They have now committed Canada to a national cap on SO_2, again without any understanding of costs, with no input whatsoever from consultation with industry, and no consultation with the key Western provinces. And, so far as we can see, no positive effect on the environment.

I submit that industry, as well as Canadians in general, should be challenging the Federal Government's process in seeking ways to protect the environment. The Green Plan calls for many extensive consultations. Will the approach be to react to whomever is most shrill or whichever group has the most voters? If we are to find the right path in dealing with our environmental challenges, industry has both a major role and a major responsibility. It seems all too rare that industry has a chance to deliver a pleasant message. In this case, I believe that once again it will not be a pleasant one as we evaluate the impact of new approaches to protecting the environment on our specific industries, our regions, and our nation.

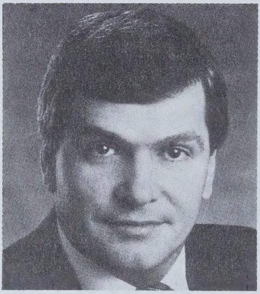
Have no doubt that the cost of environmental protection will in many cases be very high, perhaps totally justified but still very high. Someone must quantify the costs. Clearly it is up to industry to ensure that the people of Canada know what costs are associated with whatever action they may choose, and that our nation's governments understand the cost impacts as well, so that we can take the most efficient, lowest cost path to achieving environmental protection and sustainable development.

We must somehow ensure that Canada does not find its international negotiators in a position where they feel they must commit our country to some inappropriate action due to pressure group tactics, without understanding the economic and social impacts on Canadian stakeholders. I remain deeply concerned that industry is not currently organized to carry out this responsibility effectively.

We need to ensure that our national associations such as the Business Council on National Issues, the Canadian

Chamber of Commerce, the Canadian International Chamber of Commerce, and our national sectoral associations have direct and effective influence in the formulation of realistically achievable Canadian environmental policies. If you believe we have this responsibility, I urge you to examine how you can achieve an appropriate and effective input to the redesign of planet earth, coming to the world stage just fifteen months from now.

The appreciation of this meeting was expressed by Peter Hendrick, Vice President and Director, Wood Gundy and a Director of The Empire Club of Canada.



February 21, 1991

The Hon. Frank McKenna

Premier of New Brunswick

A NATIONAL VISION

Chairman: **Harold Roberts**
President

Introduction

In May of 1988 my wife and I flew to Halifax for a meeting. On the return flight the weather was clear and bright. As we headed west towards home we were flying at about 15,000 feet and passed over the Bay of Fundy. What a spectacular sight! The tide was obviously out because you could clearly see the mud flats, like long fingers stretching far into the rocky shoreline. The St. John River was spewing a brownish-red far down into the Bay. Even from this height and this early in the season, the country was beautiful. Indeed, Canada is a beautiful country, rich in variety of scenery and people.

I have never been to New Brunswick, at least on the ground. We once drove to Gaspé and for a while drove along the Restigouche River as it headed south into New Brunswick, but we didn't enter the province.

Two years ago Premier Joe Ghiz of Prince Edward Island addressed our members. He made us very aware of the issues that profoundly affected his province — decisions made in Ottawa to the benefit of Central Canada and the detriment of the Maritimes. One such example was the closing of the air base on P.E.I.. The financial savings to Ottawa did not seem to stack up well to the loss of employment on the Island.

Our guest speaker today is also a Maritimer who has worked for many years to develop a special economic relationship within the Eastern provinces of Canada to more powerfully encourage economic development for the 1.5 million Canadians of that region.

Premier Frank McKenna is a Canadian who is deeply committed to solving regional problems within the Canadian Federal umbrella.

John Godfrey in the Financial Post in January of '88 (two weeks after I flew over New Brunswick) wrote: "There is a solidly impressive quality about Frank McKenna. Hardworking, well-prepared and bright, he is clearly a man with a carefully calculated timetable and set of priorities. After he was first elected to the New Brunswick Legislature in 1982, he went up the ladder more quickly than he expected, because he was a leadership candidate who found himself 'in the right place at the right time'."

I suspect that it was more than fate that brought Mr. McKenna to the Premier's Office. His personal struggle to find a solution for the impasse of the Meech Lake Accord, while ineffective, showed a man who had the maturity of leadership to thoughtfully adjust his position when the facts were clearly seen.

Born and educated in New Brunswick (except for a brief period at Queen's University), Mr. McKenna holds a B.A. from St. Francis Xavier and a Bachelor of Laws from U.N.B. He had a large criminal law practice in Chatham N.B. before his election.

At the present time his position as Premier seems fairly secure as his Liberal Party holds every seat in the Legislature. But even so, his reputation indicates that he has a long distinguished career ahead of him as Premier of New Brunswick. We welcome him to The Empire Club today.

Ladies and gentlemen. Premier Frank McKenna.

Frank McKenna:

One week ago, the Prime Minister of Canada, the Right Honourable Brian Mulroney, stood before this same audience and spoke on the important question of national unity. The Prime Minister acknowledged the need for fundamental change and challenged Canadians not to give up on national unity.

I'd like today to respond to his challenge.

Uncertainty and ambivalence are the enemies of progress. Canada is currently facing uncertainty on two major fronts.

We are facing constitutional uncertainty and our national focus is fading. We have no defined national vision.

I want to take advantage of this opportunity to make several "modest proposals" to you for bringing greater certainty to our future.

I'd like to begin on the constitutional front.

As citizens of one of the greatest nations on earth, we must immediately stop our whining and complaining. Everybody is claiming alienation. Nobody really knows why and nobody knows what to do about it. We have become a nation of perpetual navel gazers with our natural confidence and optimism rapidly being replaced by gnawing anxiety.

I want to make it clear at the outset that I speak to you today as a Canadian, as well as a New Brunswicker. In fact, we in New Brunswick have no hesitation in saying we are Canadians first and New Brunswickers second. We are proud of it. We believe in Canada.

There was a time when it may have been said that New Brunswickers felt this way because they were so heavily dependent on the rest of Canada for financial support. That may have been true at one time. It is not true today. I come here today as an equal, not as a supplicant.

In the last ten years, federal transfer payments to New Brunswickers have declined by about one-third. We are in our third consecutive year of balanced budgeting. Our credit rating is one of the best in Canada. In 1988, we led all provinces in Canada in investment growth. And since then, we have outstripped — or equalled — the national average. Last year, we placed second in Canada in employment growth. For the past five years we have led all of Atlantic Canada in economic growth. This year we will place amongst the top three Canadian provinces in economic growth. Our unemployment rates have been declining in the midst of a national recession and high unemployment elsewhere.

We are the new kids on the block. We are confident. We are aggressive. We are attracting new industries. In fact, we have received two important new business commitments this week, which will be announced in the next few weeks. We are growing.

Above all we are Canadians. Canada has been good for New Brunswick and we want to contribute to Canada.

Returning to the issue of national unity, it is obvious that we **must** get control of our constitutional situation. Our only hope of resolving the current constitutional impasse lies in splitting the problem into two parts. Firstly, we must fix the process. Secondly, we must address the substantive issues.

The current constitutional process is a strait-jacket. With the current amending formula it seems impossible to effect fundamental change. It is impossible for the constitution to grow and respond as envisioned by the Fathers of Confederation. How do we fix the process? Our constitutional shores are littered with the wrecks of past efforts. Attempts were made to find a new amending formula in 1927, 1935, 1950, 1960-61, 1964, 1968-71, 1975, 1976, 1978, 1979, 1980, 1981. Initial success was achieved in 1964 with the Fulton-Favreau Formula and again in 1971 with the Victoria Amending Formula. Both proposals eventually failed.

I believe it is time for us to resolve this question once and for all. I propose that we adopt a regionally-based amending formula to amend the Canadian Constitution. I propose that the current time limit for ratification be changed from three years to one year. And, I propose that the new process be finally decided by a National Referendum.

Let us take the issues in order.

To begin with, I suggest a regionally-based Victoria-type amending formula because it most clearly resembles current thinking about Canada as a country of regions. No formula will get unanimous support. This formula may come the closest.

For major amendments, the Victoria Amending Formula required the consent of the Senate, the House of Commons, two of the four Legislative Assemblies in Atlantic Canada, the Legislative Assembly of Québec, the Legislative Assembly of Ontario and two of the Legislative Assemblies in Western

Canada, representing at least 50 percent of the population in that region. The end result was a more flexible amending formula where change could take place without the requirement of unanimity.

Paradoxically, we have evolved to a situation today where the concept of a regional veto makes even greater sense. Ontario and Québec each constitute a region if only because each represents more than 25 percent of the country's population. Western Canadians are increasingly speaking with one voice and developing mechanisms for greater regional cooperation. In Atlantic Canada, we are rapidly moving towards the idea of Maritime economic union. And this spring we'll be holding a Maritime economic forum, consisting of provincial cabinets, to establish a schedule for greater integration of the economies of the respective provinces.

In this context, a regionally-based amending formula makes sense. Each region would have a veto, but not every province would have a veto. Since I am sure there could be numerous variations on such a proposal, the precise definition of a regional veto does not have to be identical to that proposed in the Victoria Amending Formula. Western Canada and Atlantic Canada may decide that three out of four provinces is preferable or may hold to two provinces having 50 percent of the population or perhaps some other type of arrangement. The end result, however, would be a more flexible amending formula where change would be much easier to achieve.

I also believe that the maximum time-limit for change must be reduced from three years to one. Governments change, leaders change and issues change. In a rapidly evolving and complex world, I believe it is imperative that we provide ourselves with more flexibility by reducing the ratification period to one year.

I am not suggesting here that we should amend our constitution on a whim. Rather I believe we should take the time at the beginning of the process to develop a broad understanding and sufficient consensus across the country before proceeding to the formal process of placing resolutions before Parliament and the Legislatures. Once we have achieved that broad consensus, Legislatures should be able to act efficiently.

Why must this issue be decided by a National Referendum? Quite simply, while some may question the constitutionality of such a proposal, there may be no other way of changing the amending formula. At the present time, unanimity is required for changing the amending formula. I believe it is impossible to achieve such unanimity and the most that we can hope for is substantial support for any given proposal.

This issue of amending the Canadian Constitution has perplexed our nation for over a hundred years. Let us end the matter once and for all. In fact, I would strongly propose that we should proceed to hold a National Referendum on the amending formula before any substantive issues are resolved.

Success in changing the amending formula will accomplish two objectives. Firstly, we will regain our confidence by scoring a constitutional "win." Secondly, those seeking modernization of our constitution will realize that freeing Canada of its procedural strait-jacket could permit real change.

Improving the amending process is, however, only half the battle. The second half of the battle is to effect real change in the substance of our constitution. In this regard, it is my belief that we should start with a blank sheet of paper. We should remember that the framers of Confederation in 1867 could not have possibly envisaged the evolution of our country or the world. They did not and could not anticipate sophisticated communications, aeronautics, the rising tide of environmental concerns or many other issues that confront our nation. The time has come to wipe the slate clean and redefine the distribution of powers and responsibilities between the Government of Canada and the provinces. This exercise should not be conducted for the exclusive benefit of Québec. It must be conducted for the benefit of all Canadians.

Québec is not the only province with grievances and confining the debate to Québec's concerns will only serve to infuriate other Canadians and patronize Québecers.

I am convinced that as more and more Canadians realize that they are not now as well served as they could be, they will appreciate the merits of this exercise. I am receptive to a whole range of possibilities as to how this might be accomplished ranging from a founding convention through a series of task forces, to a national constituent assembly. One thing is certain, extensive and thorough public involvement will be required in this, and any future constitutional change.

Is there a need for a redistribution of powers and responsibilities? Absolutely. There are dozens of areas where duplication of effort costs tax-payers money and undermines the main objective. There are dizzying layers of bureaucracy. There are overlapping programs involving unemployment insurance, training, workforce reintegration, literacy efforts, environmental legislation, regional economic development, research and development, communications and transportation.

The administration of agriculture involves federal boards, provincial boards, marketing boards, and other structures to the extent where the efficiency of the industry is prejudiced. Taxation is a nightmare of federal, provincial and municipal measures. Common sense demands a rationalization of responsibility whether Québec continues to be a member of the Canadian constitutional family or not.

I said earlier that the Constitution is only part of the problem in Canada. In fact, it is really only a problem because we have decided it is a problem. There are many countries in the world including Great Britain where there is no written constitution. More than changes to the amending formula and the substance of our constitution are needed. We must be driven by a national vision. We must have a shared set of objectives and values. We must aspire to something. We must be proud of something. We must yearn for something.

A nation can survive without a constitution. It cannot survive without a national vision.

A national vision can be comprised of many elements. From my perspective, the fewer the number of elements the better. I suggest three for your consideration.

Firstly, Canada must aspire to have the highest quality of education in the world. That is not the situation today. Forty-four percent of our population at the present time does not have a Grade 12 education. 17.3 percent are not literate. By comparison, Japan has a literacy rate of 94 percent.

In Canada we spend an average of 163 days per year in school. In Japan the average is 243. Much of the rest of the world is closer to the Japanese average than Canada's. By the time a Japanese student has completed Grade 12 he or she has been in school for two more years than a Canadian student.

The dropout rate for a student in Canada is approximately 30 percent. The dropout rate in the United States of America is 12 percent and in Japan it is 2 percent. Interestingly, Japan had the same dropout rate as Canada in 1965.

It is not the school system alone in Canada which must share the responsibility. Japanese businesses spend more in one week on training than Canadian companies do in one year. In fact, our public expenditures on education are relatively high. We devote 7.3 percent of our GDP to education. In Japan, 5 percent of GDP is devoted to education.

It is evident, in part, that our problem lies with the expenditure of our educational dollar and the lack of business support for training and education.

It is my proposal to you today that we must make a conscious decision in Canada that we are going to be the best educated country in the world by the end of this decade, that we establish measurable goals, that we allocate the necessary resources and that we demand accountability of our leaders to achieve the desired objectives. We must reduce our dropout rates, we must increase our literacy rates, we must lengthen our school year, we must place more emphasis on basic skills such as reading, math, and science. We must better train our teachers, we must challenge our students more and we must spend our dollars wisely. The effort and financial resources required are considerable. The return on investment will be staggering.

Secondly, I propose that Canada become the most environmentally progressive country in the world. Why should we hope to be successful in this area? We are a young country, we have a vast land replete with bountiful natural resources. We have not irretrievably damaged our surroundings as has happened in many other countries of the world. We still have time.

That is not to say that the problems confronting our nation on the environmental front are not immediate and serious. In Canada alone, some 175 animal and plant species are known to be at risk. Valuable natural spaces such as wetlands are disappearing. One quarter of all Canadians rely on groundwater as their source of domestic water supply and it is rapidly becoming polluted. We have over 20,000 chemical substances in use in Canada today, with up to 200 new chemicals being added each year. In the Great Lakes alone, over 350 toxic chemical compounds have been found. In the summer months, more than one half of all Canadians are exposed to ground level ozone which has adverse effects on health. We produce an unbelievable amount of 30 million tons of garbage annually. This represents more than one ton of garbage for every man, woman and child. Only 10 percent of this garbage is recycled.

As Canadians we produce 8 million tons a year of hazardous waste and treat only 40 percent of that total. Every year 600,000 hectares of our forests are damaged by insects and disease. The list goes on. Fortunately, it is not too late. A concerted national plan as part of a national vision which involves all levels of government and all Canadians can make an enormous difference in our future. Like the investment in education, the return on investment may not be immediate, but it is enormous.

What gives New Brunswick the right to lecture on the national stage about education and the environment? I openly confess to our own shortcomings but would underline that, in our own modest way, we have begun to make some fundamental changes in both of these areas.

For example, we are installing scrubbers on our coal-fired plant at Belledune, we have passed the Clean Water Act, we have produced a new energy policy, whose cornerstone is efficiency and conservation, and we have introduced the most progressive beverage container legislation in the country. And while I was pleased to see that New Brunswick recently ranked third in Canada in terms of environmental performance, I fully recognize that we must all continue to be as vigilant and progressive as we can be in these and other environmental areas.

On the subject of education, starting this fall, New Brunswick will finally get a publicly funded universal kindergarten. We're stressing environmental and entrepreneurial education in our schools like never before; we're working on a massive literacy undertaking, and our student/teacher ratio is now the best it has ever been. As well, a national survey recently found that New Brunswick has the lowest school dropout rate in the country.

Finally, there is a third element to a national vision which provides an extraordinary return on investment, which is not immediate, which is not sexy and which is not popular. However, it is vital to every other issue that I have raised today. The final element that I am proposing in a national vision, very simply, is that we live within our means.

I say unequivocally, that a major part of our current constitutional dilemma stems from our fiscal situation.

The natural tensions which exist in Canada have been horrifically exacerbated by the constant grinding down of our fiscal capacity. Cut-backs in the West bring cries of alienation, cut-backs in the East bring cries of poverty, and cut-backs in Central Canada further undermine the national dream. Our constitutional and fiscal situations are inextricably intertwined.

Borrowing money on current account is a fool's game. The leader of today enjoys the popularity of dispensing bought favours. The leader of tomorrow must devote all of his or her energies and ambition to paying the bills.

The Government of Canada is currently spending 35 percent of its budget to service the debt. Every program and every project that has been proposed in the last five years could be accomplished without borrowing a single cent, if we could simply save the interest that we are currently paying on our outstanding debt. It should now be painfully obvious to Canadians that we cannot trust current leaders with our long term future. The leaders of the '60s and '70s have placed a first mortgage on the future of Canada. The leaders of the '80s and '90s are placing a second mortgage on the same asset. There is no equity left. We must once and for all put an end to the suffocating debt-load we are placing on the backs of our children.

Governments must conduct themselves like private citizens. Borrow, if necessary, for capital assets such as a new home, but pay as you go for current expenditures, like the groceries.

Should we prove unable to exercise the leadership to accomplish this objective, I would support a legislative requirement for balanced current account budgets by our governments. This should not be done on a single year basis because it would not allow us to respond to the contingencies of extraordinary events such as recessions. It could, however, be based on a rolling average over the normal term of a government which is four years. In other words, each government would be legislatively required to produce a four year balanced budget. No leader could buy popularity today, with the dollars of tomorrow.

I fully recognize that some of the ideas I have advanced today may be considered radical.

However, I am convinced that the time has come for Canadians to adopt a broader and far reaching ambition.

In the absence of other approaches, it beats standing still.

The appreciation of this meeting was expressed by John Campion, Partner, Fasken Campbell Godfrey and a Director, The Empire Club of Canada.

February 28, 1991

Angus Reid

Chairman and CEO, Angus Reid Group

CANADA AT THE CROSSROADS: PUBLIC OPINION AND THE NATIONAL UNITY DEBATE

Chairman: **Harold Roberts**
President

Introduction:

Honoured guests, ladies and gentlemen;

Our guest of honour today is Dr. Angus Reid, a Canadian pollster from Winnipeg, Manitoba. He is not the first of his breed to address our ranks. In fact, in 1984-85 during the term of Catherine Charlton we heard from two other prominent "gatherers of public opinion."

In February of 1985 Allen Gregg, President of Decima Research Ltd., told us: "While the subject I would like to discuss today focuses on new rules for business in a changed public opinion environment, it is comforting to note that some age-old truisms continue to endure in the face of change. One seems to be that almost everyone wants to go to heaven; another is that next to no one wants to ever die." (1985 p 291)

In March of that same year, George Gallup III spoke on the moral fibre of society as it approaches the year 2000. He quoted one memorial article concerning his father who had recently died:

"George Gallup was a true democrat — small "d." His faith in the good sense of the public was boundless, and he saw the public opinion poll as a powerful tool for bringing that good sense to bear on the affairs of state." (1985 p 261)

Polls have often baffled me. I have never been approached to engage in one and if I ever was, I don't know if I'd give the time to the person asking the questions.

There is a story of a poll-taker in Boston who had perfected an action-guaranteed approach. He'd smile sweetly and announce "Good morning, you unbelievably ugly old ape: we're conducting a survey to see how touchy people are."

Well, there must be a knack; and one person who has a reputation for that knack is Angus Reid.

He is Chairman and Chief Executive Officer of the Angus Reid Group — a national full-service marketing and social research company with client service offices in Vancouver, Calgary, Winnipeg, Toronto and Ottawa and ten interview centres across the country.

Now in its twelfth year of operation, the company employs 420 full and part-time staff and has annual billings of $10 million.

Dr. Reid was born in Regina and received his early education in Vancouver. He holds a B.A. and M.A. in Sociology from the University of Manitoba and a Ph.D. from Carlton.

His written columns based on his polls on emerging social and political issues are carried on a regular basis by 18 Canadian daily newspapers.

Dr. Reid, welcome to The Empire Club of Canada.

Angus Reid:

Mr. Chairman, Members of The Empire Club, ladies and gentlemen.

Like most of those who have had the opportunity to address this distinguished Club in recent months, I am here today to discuss the apparent crisis in national unity that confronts Canada.

My direct professional involvement with the issue which is widely recognized as giving rise to the current crisis, began in the spring of 1987 when we conducted two national polls — one for Southam News and the other for Macleans Magazine — on Canadians' reaction to the Meech Lake Agreement.

The surprising result from both polls was not the fact that a majority of Canadians said they supported the Accord, but the apparent level of public disinterest in the entire constitutional process. One of these polls was taken in June of 1987 immediately after the deal was signed —it found that only seven percent of Canadians said they were following the issue "very closely" while almost two-thirds said they had paid either very little or no attention to it.

In my remarks today, I want to provide some analysis on how an issue with such humble beginnings was transformed into one which, according to some, now threatens the end of Canada as we know it. Unlike the politicians and pundits who have spoken to you on this issue in recent months, I do not bring the perspective of an insider who has been close to all of the whispered conversations and private commitments that have been made or broken over the last four years.

Instead, my task is to try to understand how the millions of average Canadians who initially watched this story with the disinterest of window shoppers on a Sunday afternoon were transformed into an ugly mob ready to torch the store, and with it, perhaps each other.

Understanding how this transformation occurred, and what it means for the future is, I believe, at the heart of the constitutional and national unity debate presently underway in this country. While much of the debate about the constitutional realignment of Canada has involved the views of insiders and experts, I believe that it is ultimately the "outsiders" who make up the Canadian population who will determine how these issues are settled.

I say this for three reasons:

1. During the Meech Lake process from 1987-1990, public opinion in Canada was largely ignored. In June of 1990 when the Prime Minister and federal officials were arguing that provinces comprising over 90 percent of the Canadian population had accepted the Accord, our polls and others showed majority opposition to Meech Lake. It would appear that the Federal Government has attempted to compensate for disregarding the views of the public by appointing the Spicer

Commission — however, as I will show later, this initiative has major credibility problems.

2. Much of the present crisis in national unity is the result of polls in Quebec which show that between 60 and 75 percent of Quebecers would support either sovereignty association or out-right independence. These readings of public opinion in Quebec have provided legitimacy to the rhetoric and radical proposals associated with the Allaire Report and the Belanger-Campeau hearings. I submit that without support from the polls in Quebec there would be no national unity crisis.

3. The third reason that public opinion will play a crucial role in shaping the future of Canada is because of the high probability that the next round of constitutional amendments will likely involve one or more national referenda. I think we learned from the Meech Lake process that a constitution that is not supported by the public will act to divide rather than unite Canadians.

In examining public opinion and the national unity debate, the most important issue concerns how much "give and take" — how much flexibility — there is in the attitudes, beliefs and perceptions of Canadians. Are we, as some would argue, marching inextricably toward the breakup of Canada because of a fundamental incompatibility between Quebecers and other Canadians? Or, is there room for compromise and negotiations?

In order to answer this question, we must begin with a brief examination of the roots of our present troubles. Following this, I will address those elements of the public mood in Canada which I believe pose the greatest threat to our future, and those which provide some degree of hope or optimism. I will conclude with a brief prognosis of how public opinion will likely shape the resolution of constitutional and unity issues over the next one to three years.

If we entered a time tunnel and came out in 1986 or early 1987, we would find a remarkable level of goodwill in Canada.

In June of 1986, we released a poll on public opinion regarding language in Canada, which showed that close to three-quarters of Canadians supported official bilingualism — the highest level that we measured throughout the '80s. A review of newspapers and the editorial press during 1986 and early 1987 shows a similar attitude of goodwill, as countless journalists and analysts commented on the positive state of Canadian federal-provincial relations.

Perhaps the best evidence of the mood of Quebec is the fact that a number of the Quebec polling firms had stopped asking questions on independence or separatism altogether.

Against this backdrop, one can't help but ask how it was that we have managed to manoeuvre ourselves into a situation in which some of Canada's most respected journalists now see the break-up of the country as inevitable. Jeffrey Simpson recently noted that Canada is now at "the end game" and that "Quebec has already left Canada for all intents and purposes." The polls in Quebec show support for independence or sovereignty in the range of 60 to 75 percent, while a recent Gallup poll indicated that 75 percent of Canadians outside of Quebec would prefer to see Quebec leave rather than make any constitutional accommodations. My own polls show that 80 percent of Canadians now believe that the country is in danger of splitting up — only 20 percent believed this last June.

To understand how this transformation has occurred, we must look beyond the specific events surrounding the death of the Meech Lake Accord in June of 1990 and instead focus on 1989, when a sequence of actions set in motion a shift in the public mood that would have left us in our present predicament whether Meech had passed or not. The irony of these actions is that while they were intended to secure the future of the country through the passage of Meech Lake, they had the opposite consequence of killing the Meech Lake Accord and threatening the future of Canada.

The first of these actions involved the apparent Federal and Quebec Government's responses to growing criticism that Meech Lake gave Quebec too much. It involved the counter argument that Quebec's gains as a result of the Accord were so trivial as to be insulting. Through 1989 and early 1990 Quebec politicians, both in Ottawa and Quebec, made it clear that Meech was to be only the beginning, not the end, of the constitutional reform process.

I believe that these arguments were crucial in generating the majority of opposition to Meech Lake outside of Quebec that we measured from the fall of 1989 to the spring of 1990. In June of 1990 we conducted a poll immediately after it appeared that there was agreement on the Meech deal and found that nearly 7 in 10 Canadians felt that even if Meech was passed, Quebec would come forward with new demands. In rejecting Meech Lake, Canadians were not rejecting Quebec — they believed instead, that it was far more prudent to negotiate the full list of Quebec demands.

The second set of actions that I believe have contributed to the current mood in Canada involved the brinkmanship of the Federal and Quebec Governments on the issue of separatism. This was the apparent second element of the federal strategy to halt the rising tide of opposition to Meech Lake. The argument went something like this — unless Meech is passed, without changes, separatism sentiment will grow in Quebec and the future of Canada, as we know it, will be threatened. This assessment was advanced not only by the Prime Minister but by elements of the national media establishment and some of the Premiers.

For Canadians outside of Quebec, there was general consensus that this threat was being overstated. Most Canadians saw Quebec as a region that had received more than its fair share of the economic fruits of Confederation and put little weight on this argument.

Inside Quebec however, a different story unfolded. It would appear that the separatism argument, advanced by Quebec leaders and tacitly supported by the Prime Minister and elements of the national media, proved to be a self-fulfilling prophecy. As late as November 1989, when it was becoming clear that Meech was in serious trouble, only 32 percent of Quebecers said they would prefer to live in the independent nation of Quebec as opposed to the Canadian province of Quebec. Sixty percent said that if the Meech Lake Accord died, it would have no impact on their support for separatism.

However, the propaganda associated with the separatism argument was beginning to permeate their collective conscience — 66 percent believed that people in general in Quebec would be more in favour of separatism if Meech Lake died. The point is that it had become socially acceptable to believe that Quebec would be more likely to separate with the death of Meech even though the majority of Quebec citizens said that they themselves would not be more likely to support separatism.

By the spring of 1990 these societal expectations began to influence personal choices. In May, support for independence had increased a full ten points to 42 percent. The corpse of separatist sentiment had been reawakened and nothing, not even agreement on Meech Lake, was going to stop it. Indeed, we conducted a national overnight poll immediately after it appeared that final agreement had been reached in late June of 1990 — this poll was conducted before the deal began to unravel again for the last time. To our surprise, we found that support for independence had increased another 5 percent, even though people believed that Meech had been settled.

The irony of the apparent Federal and Quebec communications strategy throughout 1989 was that its attempt to convince Canadians of the importance and fairness of the Meech Lake Accord not only killed the Accord, but created much of the public mood that is presently being displayed before the various commissions and consultative forums being held across Canada.

English Canadians appearing before Spicer et al, appear exasperated by what they see as the endless demands of Quebec. Quebecers appearing before the Belanger-Campeau

Commission display feelings of wounded pride and a new assertiveness because they feel rejected and believe that the threat of separation is their best weapon for pressing their demands.

As we turn now to a review of this public mood, it is important to remember that these emotions were largely absent five years ago and that much of their growth was an unintended consequence of the strategy to sell Meech Lake.

When reading the media accounts of the hearings that I just mentioned, one is left with the feeling that Canadians are sitting on an emotional powderkeg. Examining our recent polling data underscores some elements of threat to Canada's future associated with the current public mood. These data also contain some hopeful areas of consensus that serve, at least on a partial basis, for optimism about the future.

The powderkeg that we are sitting on contains a dangerous mixture of three ingredients — significant lack of affection for Canada on the part of average Quebecers; a mood of intransigence on the part of Canadians outside of Quebec; and, perhaps most importantly, a perceived leadership vacuum throughout Canada.

On the Quebec front, the high support for some version of either sovereignty or outright independence is reflected in most polls, including ours. About 60 percent of Quebecers would opt for outright independence or some form of sovereignty association. Perhaps the best measure, however, of the damage that has been done over the last five years, is the apparent absence of any affection of Quebec for Canada.

Last week we asked a national sample of Canadians to tell us how they personally felt about Canada. We gave them 4 options:

I am strongly attached to Canada — I love the country and what it stands for;

I am attached to Canada, but only so long as it provides me with a good standard of living;

I am not attached to Canada and would prefer to see it split up into two or more countries; and

I would prefer to see Canada amalgamate with the United States.

Across Canada (including in Quebec) there is extremely little support for the fourth option — only 4 percent of Canadians would like to see economic union with the United States, including less than one in ten Canadians in Western Canada. Outside of Quebec, there is evidence of a high level of patriotism, with over 85 percent of Canadians saying that they are deeply attached to the country and what it stands for.

In Quebec however, only one-third of the population, and only 20 percent of the francophones, display this level of affection for Canada. An additional one third say they are attached to Canada as long as it provides them with economic advantages, while the final third say they would prefer to see Canada split into two or more countries.

Whether this is a result of wounded pride because of the Meech Lake process, or a reflection of a deeper sociological reality in Quebec, this lack of emotional attachment is an important barrier to national unity in Canada.

A second element in the explosive mixture that has come to characterize Canadian public opinion is the high level of intransigence found in the rest of Canada. Our recent polling shows that the vast majority of Canadians living outside of Quebec oppose elements of sovereignty association, as outlined by some political leaders outside that province.

There is widespread opposition to entering into an economic union with Quebec should Quebec seek sovereignty. On other issues, there is almost universal opposition to continuing equalization payments for Quebec along the lines outlined by the Allaire Report, and there is almost no support for a constitutional arrangement which would give Quebec special status for various programs in policy areas.

There is also a widespread belief across Canada that territorial boundaries of a sovereign or independent Quebec should be altered if regional groupings — such as native peoples or other Quebecers — indicate a preference to remain as part of the Canadian community.

What is particularly troubling about this mood in Canada outside of Quebec is that it provides little room to manoeuvre between a single constitution which would affect all Canadians equally, and the formation of a completely independent Quebec state with few ties to the rest of Canada.

As much as Quebec leaders in politics, business and academia would like to debate the nuances of sovereignty association, the rest of the country appears poised to accept Quebec either as a full and complete member of the Canadian Confederation, or not at all.

The third element in the explosive mixture that characterizes Canada today is the absence of any individual political leader that presently has a sufficient base of support to secure a consensus.

In a poll which we conducted last week, we asked Canadians to name an individual who they thought could best negotiate between Canada and Quebec to bring about a resolution of our current troubles. Almost half of those that we polled were unable to name such an individual. The name that was mentioned most often — Pierre Trudeau — was mentioned by only 13 percent of Canadians. Below Trudeau, receiving five to 10 percent of mentions were Jean Chrétien, Brian Mulroney and Audrey McLaughlin. Twenty-five individuals were named by one percent of Canadians — this list includes George Bush and Alan Eagleson.

In a separate question, we asked Canadians which of the three party leaders they considered most capable to lead Canada through the present Constitutional crisis — the most often mentioned response was "none of the above".

I would suggest that the absence of leadership in Canada, coupled with the growing emotional outpourings evidenced in both Quebec and across Canada, have created an extremely dangerous situation for the country as a whole. Just as federal strategy during the Meech Lake process generated negative attitudes in both Quebec and across Canada, exercises such as the Spicer Commission run the risk of doing little more than turning up the emotional temperature in Canada to a fever pitch.

These emotions are not without political consequence. They have been largely responsible for the unparalleled growth in support for the Reform Party in Western Canada and equally high levels of support for the Bloc Quebecois in Quebec. The threatened Parliament in 1992 or 1993, which may prove incapable of governing Canada, threatens to send this country into a tailspin from which we cannot recover.

However, against this backdrop, sifting through the public opinion data, one can find several reasons for hope or at least some optimism.

1. Most Canadians now believe that the country is faced with a serious threat to its future existence. In July of 1990, immediately after the failure of the Meech Lake process, only 20 percent of Canadians felt that the future of the country was threatened. Today, over six in ten Canadians — and a majority in all provinces — feel that Canada is faced with a major threat to its future existence. This shared sense of concern is important, since it suggests a window of opportunity for significant change and it indicates that Canadians are prepared to look at new solutions.

2. A majority of Canadians, including a majority of those in Quebec, now feel that Meech Lake was a mistake. Part of the significant credibility problem associated with the Spicer Commission is linked to their recently reported assertion that most Canadians believe that the failure of Meech Lake was "an accident." Our data suggests the opposite conclusion — asked if they would support or oppose Meech lake today, 60 percent said they would vote against it, including 51 percent of those in Quebec. This level of consensus on Meech Lake is important because it suggests that Canadians are prepared to bury the ashes of Meech Lake once and for all and move on and consider other options and alternatives.

3. There is a consensus across Canada, including all regions, that a fundamental change in our system of government is necessary, and that our problems cannot simply be solved through new leadership. There is support for an entirely new Constitution for all of Canada, and support is highest among younger Canadians.

4. A plurality of Canadians would support a reduction in the powers of the Federal Government as part of any new constitutional initiative. Support for such a reduction in powers is strongest in Quebec and Western Canada, and among younger Canadians.

5. And, there is consensus across Canada, including Quebec, that if Quebec were to leave Canada, the standard of living of Quebecers would decline.

Taken together, these five elements of public opinion in Canada can, I believe, serve as a foundation for a new process of nation-building. Canadians appear prepared to examine new constitutional initiatives which involve all of Canada, and not just Quebec. There is a growing sense of concern across the country about the future of Canada and a belief that this future can best be secured through fundamental institutional change, as opposed to simply a change in leaders.

We are at a crossroad in Canadian history. As much as some, particularly older Canadians, would like to return to a simpler time, we cannot. The globalization of the world economy has created new imperatives for economic integration and rationalization. It has also created, not just in Canada but around the world, a crisis in identity. This crisis was anticipated by the late Marshall McLuhan whose global village included an increased emphasis on local values coupled with new world-wide economic structures. The paradox of our age is that the increasing world-wide integration of economic structures brings with it an identity crisis that is solved through the more intensive development of local culture.

The problem that Canadians face is not, as some have argued, the identification and restoration of unique Canadian values but with the development of a structure within which our increasing pluralistic values can co-exist.

As we consider our place at the crossroad of history there are many paths open to us — all of which appear equally difficult and dangerous. Without much faith in our leaders, Canadians have become immobilized — while the rest of the world moves on.

In deciding how to break this long jam it is clear that a number of approaches will not work. Canadians so mistrust their current leaders that they are unwilling to support another Meech Lake process in which a deal is hatched behind closed doors. They are also suspicious of the consultative process such as that underway with Mr. Spicer because they wonder if the intent of these consultations is really to listen or merely to appear to listen. The third approach that will not work is brinkmanship. The authors of the Belanger-Campeau report should take note that the more radical the proposal from Quebec concerning the need for a special role, the more hostile will be the response from the rest of Canada.

If these approaches are contrary to public opinion in Canada today, then what routes are more feasible? The growing demand across all of Canada for fundamental reform in the structure of government means that there are some things we can accomplish fairly quickly.

First, I think the public would support changes in our constitutional amending process along the lines that Premier McKenna outlined here last week. This support would be especially strong if constitutional amendments involved national public referenda. The appeal of the referendum, is that it helps develop an informed public because of the intense amount of discussion and debate leading up to the vote. Nothing focuses the mind like having to make a choice.

Such a new constitutional amending process would, I think, be enthusiastically greeted by Canadians. I believe it could be in place within one year.

The second stage of constitutional reform involves working out a new structure of decision making at the federal government level and a new division of powers between the federal government and the provinces. This would, of course, be the most difficult part of the constitutional exercise.

Clearly the problem concerns who would be charged with negotiating a new arrangement. Given all of the competing interest groups in Canada and the fact that at any point in time some of the premiers lack the moral authority of public support to speak for their constituents, any arrangement at this level will be problematic.

There are a number of ways around this, including the election of a special constitutional assembly, that should be considered.

Regardless of who is involved in the negotiations, my reading of the diverse interests of Canadians suggests that it is preferable to put all of these issues on the table at once since this will allow the most room for compromise and trade off.

I am not a constitutional expert but I do know that any piece-meal approach to building a new constitution will inevitably leave many Canadians disappointed. On the other hand, a new constitution that includes a significant dose of decentralization coupled with reform of central institutions like the senate and including the consideration of the special interests of aboriginal people, will have a far better chance of acceptance than one which deals only with one of these issues.

I believe we have a unique window of opportunity in Canada to undertake the significant changes that are required to keep this country together. Against the backdrop of emotion, frustration and anger that fill the T.V. screen each night is an increasing resolve among Canadians to make the changes that are necessary to unite the country.

The way to the future really only has two paths. One involves the development of a new constitution for all of Canada and the other involves the complete separation of Quebec and the possible breakup of the rest of Canada.

My reading of public opinion in Canada makes me an optimist that we will choose the first path.

I say this for two reasons:

1. The path involving Quebec independence would be extremely painful — not only because of the economic issues involved, but also because the very act of amputation, regardless of the economic consequences, is painful.

2. There is a growing consensus in Canada that we must change the system of government. This consensus includes a belief that the direction of change should include more decentralization of powers to the provinces and regions. There may be an opportunity to meet at least some of Quebec's demands without dismantling the country.

In closing, let me say that I believe that Canada's political leaders should exploit this window of opportunity fairly quickly — especially the new constitutional amending process. Nothing will generate a renewed sense of optimism in Canada more than a successful constitutional initiative — even if it is only a means to reach agreement.

Thank you.

The appreciation of the meeting was expressed by Nona Macdonald, Past President of The Empire Club of Canada.

March 5, 1991

A joint meeting of
The Empire Club of Canada
and The Canadian Club of
Toronto

The Hon. Michael Wilson

Minister of Finance

THE BUDGET

Chairman: **Al Jameson**
President, The Canadian Club of Toronto

Introduction:

Distinguished guests, members of The Canadian and Empire Clubs, ladies and gentlemen, welcome to today's meeting.

One week ago today, Finance Minister Michael Wilson presented his seventh budget to Parliament and to the country. Given the serious state of the economy and our high deficit and debt levels, it was no doubt one of the more difficult fiscal strategies that he has been called upon to produce.

And what of the specifics of the budget? — controls on spending, limits on transfer payment to provinces, minimal tax increases, inflation targets, and deficit reduction goals. Well the past week has provided Mr. Wilson with a considerable amount of feedback, and today we have the privilege of both being addressed by our Minister of Finance and providing our feedback in a question period following his formal remarks. In this regard, there are question cards available on your seats.

Ladies and gentlemen, please join me in welcoming the Member of Parliament for Etobicoke Centre, and Minster of Finance, the Honourable Michael Wilson.

Michael Wilson:

Ladies and gentlemen:

A week ago, I tabled my seventh budget as Canada's Finance Minister. The budget papers fill over 160 pages. All that material — text, numbers and charts — focuses on one essential challenge; making the fundamental choices that will lead to a real economic recovery and lasting growth.

I welcome the special opportunity provided by this joint meeting of The Canadian and Empire Clubs to discuss our action plan directly with members of Canada's largest business community. The budget reflects an extensive consultation process. Many of you here — in person, or through your industry associations — have made an important contribution in shaping the tough, forward-looking strategies it delivers.

This is a budget about choices because economic recovery must mean more than just short-term growth and higher employment. Canadians have to recognize that recovery can take quite different forms.

One type of recovery is the kind we've seen too often over the last 20 years. These have been recoveries based on ignoring key economic problems, rather than confronting and solving them: 'steroid' recoveries that used deficits to build and sustain temporary muscle, but that inevitably ended with boom turning to bust, plunging Canadians into the next period of hardship and dismay.

Our Plan for Economic Recovery chooses a different path, because Canadians want and deserve something better.

It takes the interlocking actions needed to make possible sustained growth, enduring job creation, and real gains in national productivity and competitive strength. It does this by aiming at nothing less than a fundamental change in the political 'culture' of budget-making and government spending, and in the attitudes and behaviour of Canadians regarding inflation. And the decision to take these steps makes the Plan a true watershed in Canada's economic and political history. Yes, we do want to change the culture permanently, and we must change attitudes and expectations.

The Plan recognizes that the key to recovery lies in establishing the basic conditions for a further and lasting drop in interest rates.

We have heard the message loud and clear from all sectors of society. Extensive consultations with large and small business, with exporters, with labour, and with social and other interests, showed an overriding common theme. Lower interest rates are the fuel to boost consumer spending; to re-ignite the construction industry and create affordable housing; and to permit business to invest in the new plant, equipment and training that firms and workers need to succeed in a fiercely competitive global market.

But the Plan for Economic Recovery has a clear message for Canadians in turn. The bottom line is that interest rates are not set by government fiat. Market forces are the real and final arbiters. And the only economically sound foundation for lower rates is a substantial reduction in inflation, and in Canadians' inflationary expectations. So our Plan takes innovative action — through setting realistic, public inflation targets — to help make this happen.

This leads me to the second critical dimension of the Plan for Economic Recovery. It takes the rigorous, reinforcing action required to build business, investor and public confidence that our prospects for lower inflation and interest rates — and for real gains in our standard of living — won't be swallowed by the quick-sands of government deficits and debt.

This is why our Plan takes strong steps — including legislated limits to control government spending — to get the deficit back on a downward path and eliminate the need for new government borrowing by the mid-1990s. This is the only way to reduce the drag that government can impose on economic growth and individual prosperity, while also ensuring our ability to continue to help those in real need and to support vital national goals.

In designing the Plan for Economic Recovery, we have looked to the future while also addressing the needs brought on by difficult economic times today. But to do this, the Plan draws on important lessons from the past.

For nearly 25 years, from 1950 through 1973, Canadians enjoyed an outstanding record of economic growth and personal prosperity. Our standard of living virtually doubled in a single generation.

This growth was not accidental or automatic. It resulted from sound economic policies. Inflation was less than three percent. This kept interest rates down. Annual federal deficits were small or non-existent. The national debt was under control. Business investment grew strongly. We became more productive and wealthier.

Unfortunately, these lessons were forgotten over the 1974-84 period. Governments let inflation soar. They spent much more than they received in taxes. We were living beyond our means.

As a result, the federal deficit jumped to $38 billion, and the national debt grew from $27 billion to more than $200 billion in just 10 years. And we still suffer the consequences of this legacy today, because it has been the interest payments on that 1984 debt that have been the cause of 80 percent of our subsequent deficits, compounding the debt so it now approaches $400 billion.

At the same time, the 1974-84 period saw economic growth and productivity fall as business was battered on two sides: by increasing government intervention, taxation and debt; and by growing global competition from foreign industry. And a declining Canadian dollar wasn't able to counter these problems. This had painful consequences for Canadians. The growth in real average incomes began to shrink substantially.

Since 1984, the government has worked to re-build the underlying conditions for economic growth and prosperity.

- We took historic steps to get rid of barriers to industrial efficiency and competitive strength. This included tax reforms such as the GST, which makes Canadian firms and workers more competitive at home and abroad. There was the Canada-U.S. Free Trade Agreement, giving us secure access to the world's largest market. And other structural changes included income tax reform; privatisation of over 20 Crown corporations; deregulation of the energy and transportation sectors; and action to assist unemployed workers in obtaining the training and new skills they need to find and keep jobs in today's economy.

- Action was also taken to control the vicious circle of deficits and debt, and hold back inflationary pressures. This included restricting government program spending to well below the inflation rate. It also meant using monetary policy to prevent inflation from eating away at Canadians' incomes, investments and savings.

The record shows we have made real progress in meeting these goals — especially considering where we had to start from. The growth of the debt has been slowed. The deficit — although still too high — was cut in half as a share of our national income. Inflation was held in check, to about half the average of 1974-84.

But to help Canada recover from its current economic problems — and to lay the foundations for lasting prosperity — it's obvious that more needs to be done. The Plan for Economic Recovery takes these critical steps.

That's why a key element of the Plan is to stop the growth of the public debt and eliminate the need for more government borrowing. To meet this goal, the government is acting to tightly control spending. The result will be a dramatic drop in the deficit by the mid-1990s.

Nearly $13 billion will be saved through tighter spending controls and better management.

This will help cut interest payments on the national debt by almost $2 billion.

Controlling spending to get the deficit down will take tough discipline by government. Major steps in the Plan for Economic Recovery include:

- Restraining wage increases for the federal public service and members of Parliament;
- Freezing overall spending on the internal operations of government at 1990-91 levels;
- Making it law that all revenues from the Goods and Services Tax (GST) are used only to bring the public debt under control and not spent on other things; and
- Passing legislation that sets absolute limits on government program spending for the next five years.

In taking these steps, the budget is as tough as it must be to restore confidence and rebuild the conditions for growth. But it is also sensitive to the real economic hardships currently facing many Canadians.

That is why program expenditures will grow substantially more in 1991-92 than in the years following — 6.9 percent compared to only 3 percent on average for the balance of the planning period. More than 80 percent of this increase — $6.5 billion — will go for assistance to the unemployed, the elderly and to farmers in difficulty, as well as to cover our role in the Gulf War and in the peace that our forces so courageously helped achieve.

This short-term increase should not blind Canadians to the fundamental change in the political culture of budget-making that the Plan delivers. It transforms restraint from the realm of a promise into a matter of law.

Any government that wants to exceed these clear, defined limits — or to use GST revenues for any purpose but debt reduction — will have to go to Parliament. It will have to explain to the tax-payers of Canada why it plans to spend more of their money. And the government will have to justify publicly the consequences that this spending will have for the deficit, the debt, for interest rates, for taxes, and for its own credibility.

Yes, this will restrict the freedom of finance ministers — myself, and others to come — in setting our budgets. Yes, it means that cabinet members and their departments will have to balance the cost of potential new programs against existing programs that may be cut to stick within the limits. These are the basic day-to-day disciplines that every family and every business has to apply to stay financially healthy and secure. This is the constraint our government has lived with for 6 1/2 years when we have held program spending growth to 3.7 percent per year. Surely it is time that government was required by law to do it.

There is another aspect of our spending restraint plans I want to comment on today, one that also deals with making choices. This is our decision to introduce a three-year wage restraint program for the federal public service.

There are two key elements of this program.

To start, wage budgets of federal departments will be frozen for the next year. This means departments will have to absorb any higher costs due to new collective agreements from within existing budgets. As a result, each increase of one percent in average wage settlements across the public service will lead to a loss of 2,000 jobs.

The companion step will be to hold public service wage increases to a maximum of three percent over the next three years.

In taking these steps, the government is not trying to single out the federal public service for unfair treatment. We recognize the vital contribution these employees make to Canada's well-being. And it is a fact that over the past four years, average wage settlements for the federal government have been held consistently below those of the private sector and provincial governments.

At the same time, the public service must recognize that the financial shape of government — and our economy as a whole — makes restraint a necessity. The alternatives are either higher taxes or bigger deficits, each of which would jeopardize our mutual prospects for renewed prosperity and long-term growth.

Also, it is a basic truth that federal public service employees have largely been sheltered from the most bitter consequences of the recession. Employees in industry have faced widespread lay-offs, which government employees have not. In some cases private sector workers have agreed to give back negotiated wage increases and benefits to avoid lay-offs and maintain the ability of their employers to operate. We are only asking government workers to face up to the same tough choices as their counterparts in industry.

I don't want to take up more time today with further details of the expenditure controls in the Plan for Economic Recovery. What I do want to summarize, however, is the clear, tangible bottom-line results these will deliver.

- The deficits for 1990-91 and 1991-92 will be held to $30.5 billion despite the difficulties created by the recession. The year after that, the deficit will fall sharply to $24 billion. By 1995-96, it will have dropped to just $6.5 billion — the lowest deficit in nearly 20 years.
- The need for new government borrowing on financial markets is eliminated by 1994-95. This will be the first time in 25 years that no new borrowing is needed. This will reduce the impact of government's financial needs on interest rates, and ease the competition with business for investment funding.

To project these figures, of course, we have had to make assumptions regarding the economy and interest rates. I am confident that these assumptions are realistic, given current developments in Canada and in the international arena. And they are consistent with the consensus among private sector analysts.

As well, our deficit forecasts are given new rigour and credibility by the fact that our legislated spending limits actually 'lock in' a good part of the government's fiscal framework. This will make deficit reduction less vulnerable to external conditions.

Control of government finances is a crucial step towards freeing up Canada's potential for sustained economic growth and security. But it is a fact that deficit reduction alone is not enough to deliver recovery and new prosperity.

As I emphasized earlier, the critical key to real growth and additional jobs is a steady and lasting drop in interest rates. This can happen only if we get inflation down further, and reduce our inflationary expectations.

The evidence is clear and compelling. Canadian history shows the direct link between inflation and interest rates. And it is no coincidence that during the last decade, countries with the lowest inflation rates — such as Germany and Japan — have consistently enjoyed the lowest interest rates.

Controlling federal spending and restraining wages for Parliament and the public service, will help bring Canadian inflation down. But the Plan for Economic Recovery takes another important step: setting specific inflation targets aimed at cutting inflation to two percent by the end of 1995.

Clear, realistic targets will encourage lower inflationary expectations among all Canadians, and help us work together — both public and private sectors — to achieve stable prices that much sooner and with considerably less disruption.

This will happen because the targets make more certain and specific than ever the commitment of the government to price stability. The Bank of Canada, with the full support of the government, will act to meet these targets. And this commitment will be reinforced by the government's own spending limits.

These actions will give Canadians new confidence and motivation to shift their behaviour — in terms of business pricing, wage demands at the bargaining table, and the inflation-risk premium investors demand. They will be able to settle for less because they will know that the value of their incomes, revenues, investments and savings will be maintained. The result will be a smoother transition to lower interest rates, and a greater ability by firms and workers to succeed in a competitive global market.

As you can see, the Plan for Economic Recovery is both a commitment to, and a strategy for, building the conditions for economic confidence and growth, and long-term prosperity and security for Canadians.

It will put an end to the destructive cycle of deficit and debt that adds to our tax burden and hurts our ability to compete. It will create an environment where inflation no longer pushes up interest rates and eats away at the value of incomes and savings. And through these mutually reinforcing steps, the Plan will establish the deepest possible foundations for real and sustaining gains in individual prosperity and national growth.

But the federal government is only one player in the broad, complex mosaic of Canadian economic activity and decision-making. The challenges and problems we face today and in coming years will never be resolved by action at a single layer of government. It needs consistent, committed effort and cooperation from every sector of society.

The fact is, as I said in the budget speech last week, in our increasingly competitive world, there is no room for complacency; and there is no safe hiding place for uncompetitive industries or countries. We must all adapt to the new world reality or lose our ability to preserve and enhance our standard of living — for us, and our children.

Our ability to compete abroad begins at home. We must maintain and strengthen our economic union. In this and other areas, governments must step up the pace of structural reform. That is why I have been working with my provincial colleagues to develop shared approaches to basic economic issues.

One of the key questions we face is: How much government are people willing to pay for? In our discussions, we are already looking at the rising cost of government and at overlap and duplication. And as part of the Plan for Economic Recovery, we have asked the Economic Council of Canada to carry out a major study on the impact of governments on our national competitiveness as a result of such factors as tax burdens and regulation.

There are also other key issues and concerns where we need to achieve greater national insight and consensus.

For example, there are signs that in the area of private sector spending on training and research, we are not doing enough.

In other areas, such as education, our national level of spending compares well with international standards, yet our performance appears to be falling behind.

And while many Canadians may believe we are over-taxed as a nation, international comparisons show that our overall tax burden is actually below that of many of our major industrial competitors.

These are not issues only for business or labour or government. That is why, as part of the Plan for Economic Recovery, the government will launch a national effort to build a new partnership for prosperity that draws on the talents and efforts of Canadians in every walk of life. And as a first step, we will release a discussion paper this spring to help focus public debate toward building a broader consensus on the problems we face and the solutions we should address.

Ladies and gentlemen, let me conclude by again drawing directly from my budget speech on the Plan for Economic Recovery.

- It deals resolutely with our fiscal challenges.
- It imposes strong discipline on government spending.
- It sets out a clear path toward lower inflation and lower interest rates.
- And it remains sensitive to those in greatest need.

I am convinced that economic recovery is within our sights. Interest rates have fallen substantially in recent months — more than four percentage points from the peak last May. The successful conclusion of the Persian Gulf crisis should cut oil prices, and boost American consumer confidence and economic activity. Given such stimulus, there is every reason to expect growth to resume by mid-year, and to expand by 3.5 percent in 1992.

Just as important, however, the Plan for Economic Recovery sets us on the path where that growth can be sustained, and investment and confidence flourish in the years to come.

In doing this, our Plan will contribute directly to preserving and renewing the bonds that link and sustain us as a nation. One of the best things we can do to strengthen the unity of our country is to strengthen our economic union and fiscal position. This will give us the resources, the sense of security and regional confidence we need to address and resolve the other issues and aspirations that challenge us.

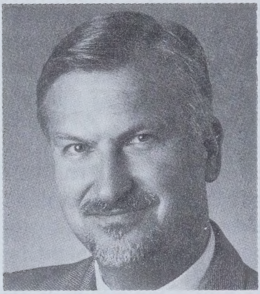
Last week's budget is an important step towards this goal. It is a watershed budget that institutionalizes the key elements that will ensure fiscal stability and price stability for years to come. The result will be a stronger and more prosperous country that can assure its place as an economic world leader — to the benefit of all its citizens from coast to coast, and to our children and the generations to come.

The appreciation of the meeting was expressed by Harold Roberts, President of The Empire Club of Canada.

Mr. Wilson, this morning I had an internment. This afternoon I have come to hear the tax man. You might say I feel some pain. I've listened to seven budgets that you've delivered and been to a number of these forums subsequent to that, and I must admit that for somebody who is at least perceived as making vows of poverty, chastity and obedience, I still have some feelings. I was thinking about how to thank you and there are certain times when I feel a sense of frustration with the tax man. This quote from Grenville Hicks came to mind:

"Evasion of clarity is a trait of bureaucrats, whether they are in government, business or the professions. Evasion of clarity is tantamount to the evasion of responsibility and responsibility is what the average bureaucrat wants as little of as possible. Evasion becomes a habit, and imprecise words often seem to issue automatically from the lips of most bureaucrats even when clarity could do them no harm."

What I'm really trying to say by that quotation is, as a cleric I find that when economists and ministers of finance talk, I sense double talk. I know you're trying to be clear, but for a lay person it's often confusing. It all sounds so nice, but in many ways it's very difficult. What we have here is a tough presentation by a nice guy. As we left the head table room and came in here, Mr. Wilson you said, looking at the four of us [Wilson, Pitblado, Jameson and Roberts], "The Four Horsemen of the Apocalypse," and I said, "My God, Minister, don't raise that one — war, famine, plague and death." May I suggest very humbly to you, Mr. Minister, that the gospel of virtue might be better — love, joy, peace, and hope. I thank you for coming today. You mentioned in your address the need for consultation. I listened to you this morning on the radio and I listened to you again today and I'm always impressed with the way you handle the questions that come from literally all over the ballpark. You know your material and you give your best and for that we thank you.



March 7, 1991

Gedas Sakus

President, Northern Telecom Canada

BUILDING A CULTURE OF QUALITY: A STRATEGY FOR THE '90S

Chairman: **Harold Roberts**
President

Introduction:

Honoured guests, ladies and gentlemen;

With the advent of the Canadian – U.S. Free Trade Agreement, the handwriting was on the wall. Canadians must put more effort into the science and technology fields and be prepared to forfeit significant jobs in the manufacturing sector.

On February 7th of this year, Dr. Robert Pottie, Vice President of the National Research Council, spoke to our members of the absolute necessity for Canadian businesses and government to put a great deal more effort and financial resources into research and development if Canadians are to remain competitive in the international marketplace.

One of the companies that Dr. Pottie cited as an excellent example was Northern Telecom. And one person who could take pride in such an example is Mr. Gedas A. Sakus, who was President of Bell Northern Research until February 1 of 1990.

Since that time, Mr. Sakus has been President, Northern Telecom Canada Ltd. He is responsible for Northern Telecom's Canadian manufacturing and marketing operation. In addition, Mr. Sakus is responsible for Northern Telecom (C.A.L.A.) Corporation, the operating subsidiary serving the Caribbean region and Latin America.

Born in Lithuania in 1939, Mr. Sakus emigrated with his parents to Canada in 1948, He graduated from U. of T. in 1962 with a Bachelor of Applied Science in electrical engineering.

During his 28-year career with Northern Telecom he has served in numerous managerial positions in the company, including a brief stint in Istanbul, Turkey.

Mr. Sakus is accredited as a P. Eng. by the Association of Professional Engineers of Ontario, and holds a Business Administration Executive programme certificate from Columbia University, New York. In June 1989, he received an honorary doctorate from the University of Ottawa.

Mr. Sakus is a Member of the Board of Directors of Bell-Northern Research and the Conference Board of Canada. He serves on the Board of the Information Technology Association of Canada, the Advisory Board of the International M.B.A. program, York University and is Chairman of the Board of Prisms Systems Inc. He is also a Member of the Committee on Canada-United States Relations, the British-North American Committee and is on the Board of Governors of the Junior Achievement of Peel, Inc.

Today, Dr. Sakus will address us on "Building a Culture of Quality; a strategy for the 1990s."

Dr. Sakus, welcome to The Empire Club of Canada.

Gedas Sakus:

Good afternoon. I'd like to begin with a short story.

It's about some large animals who were playing football against the small animals and insects. Not surprisingly, the score at the end of the first half was 120 to 0. The small animals and insects hadn't made a single tackle.

When the second half started, a bear took the kickoff on the 45-yard line and was stopped with no gain. On the next play, a giraffe tried an end run, but was tackled for a one-yard loss. The giraffe looked down at the bottom of the pile and saw a centipede. He looked at the centipede and said: "Did you tackle me? This is the first time I've been tackled all day."

The hundred-legger replied, "Yep, I tackled you and the bear." The giraffe looked down at the centipede and said: "Where were you in the first half? Your team didn't make a single tackle." The centipede replied, "I was getting my ankles taped."

There are a lot of firms out there in the global marketplace getting their ankles taped. Some of them, like the centipede, may be very small and seemingly pose no threat. But all firms must adopt aggressive strategies if they want to be winners. We in Canada must intensify our efforts. How can we do this? I'd like to emphasize this afternoon that we can succeed in the tough competitive markets of the '90s only by adopting a culture of the highest quality.

Let's begin with the setting: our playing field is the fiercely competitive world of today's international markets. The barriers that once protected inefficient firms, and sheltered them within national boundaries are falling. This trend is accelerating. In more and more industries the marketplace and the competition have become global.

Our Free Trade Agreement with the United States is part of this globalization of business. So is the economic unification of Europe in 1992. And so is the opening of Eastern Europe to western products and investment. It's true that the voices of protection have not been stilled. But the move toward one large, and very tough, world market is irreversible.

Computers and telecommunications networks have also shrunk the world. We're all near neighbours in what McLuhan called the global village. Financial transactions know no borders. It's estimated that electronic transfers move about four trillion dollars around the planet — every day.

The impact of this globalization on corporations is far reaching. A study conducted by the Wharton School of Business identifies 136 industries in which companies must either learn to compete globally, or get out. This study sees a shakeout in each of these industries during the 1990s, leaving only three to five players in each sector.

We expect that in 10 years the marketplace for telecommunications equipment will top $300 billion — more than three times the size of today's global market. But instead of 10 major firms competing for this market, we forecast there will be at most four remaining.

Northern Telecom intends to be one of the survivors.

It won't be easy for any firm that wants to be a winner in the global race. As the Red Queen in *Through the Looking Glass* says: "It will take all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast." Today, staying in the same place is no longer an option.

What's the key to success in these tough markets of the 1990s? The answer can be summarized in a single word: Quality. The firms that prosper will stand out. They'll deliver their goods and services with a level of quality that clearly distinguishes them from the also-rans.

What does this emphasis on quality mean? I'd like to examine four pillars that support the building of a Quality environment.

First, quality means innovation.

At first glance, these two terms seem to suggest different concepts. An innovative product might be of poor quality. A high quality good might be of an older vintage.

But in fact, in the world of high value-added products and services, quality and innovation go hand in hand. Quality refers to the superior nature of a product. And there's no superiority in offering yesterday's products to today's customers. Quality is a moving target. And an unswerving commitment to innovation is the only way to move with it.

At Northern Telecom our past successes and future growth rest upon unrelenting innovation.

Together with Bell Canada we foresaw that digital technology would replace analog. In 1976 we therefore introduced our Digital World, becoming the first telecommunications manufacturer to offer a fully digital line of products. It was a decision that helped catapult us into the top ranks of telecommunications firms.

In 1982 we introduced OPEN World, which made possible interconnections between a range of devices that use telecommunications circuits.

And in 1989 we launched FiberWorld. In so doing, we were the first company in the industry to announce a complete family of products for the fiber optic telecommunications world of today and the future.

Such innovation must be conducted within a framework of quality. Any new product must survive rigorous scrutiny at all stages of development and production. At Northern Telecom it must pass through a series of what we call "gates."

The first gate is the product concept stage. For a product to even get to this stage, it has to be assessed by our marketing staff — who define the market need, the prospective customers, and the competition for this product. Other gate reviews occur as the new product is transferred to manufacturing, and when it is brought to market. At each gate review, representatives from marketing, R&D, manufacturing, quality, customer service, and senior management participate.

Our customers are extremely important in the innovation process. They tell us what they need, and our job then is to provide a solution to them quickly. And that requires constant listening. Twice a year, for instance, we meet with our Quality Council, which includes members from our Canadian telephone company customers. The Quality Council gives us firsthand information on customer expectations, how well these are being met and action plans for strengthening the quality of our products and services.

Innovation is the first of the four pillars of Quality. Clearly it's an important one. Along with the other components of quality, it helped us win the gold award for quality at the 1990 Canada Awards for Business Excellence.

Second, Quality means People.

There's simply nothing more important to our company than the skill and commitment of our employees. But ability and concern cannot be assumed. They cannot be bought. And they certainly can't be compelled.

If we want motivated employees, we must restructure the way we work. The old top down hierarchical structures, where managers gave orders and employees followed them, no longer function well enough.

The disaffection of production line workers — whose ideas are ignored, whose suggestions are shunned — is an all too familiar story. The result? I won't single them out, but we all know of companies where whole operations have been forced to shut down because the people involved in the process of assembly took too little pride in their work.

Small production teams, with genuine decision-making power, are the alternative. The Japanese first taught us the importance of work groups. By the 1960s the Japanese had organized their employees into teams, giving them "ownership" of production.

This new approach has come more slowly to North America. Self-directed teams still have only a toe-hold in the workforce. A recent survey of Fortune 1000 companies found only seven percent of workers in such groups. But the numbers are growing rapidly. And it's the direction in which we must move.

In making the change from hierarchy to work teams we've learned some lessons about the importance of our people. Robots on the assembly line and high tech equipment are necessary. But they're far from a complete solution. Indeed, without skilled, motivated employees high tech methods are a recipe for disaster.

The transition to teams has not always been easy. It involves a genuine shift of power within the plant. The team takes over much of the responsibility of production from the middle manager. The team arranges schedules, sets production targets, orders materials and equipment. Often it's responsible for peer review, and sometimes for hiring and firing.

At Northern Telecom we've begun reorganizing our manufacturing into team-based groups — with excellent results. At our Calgary digital switching division, instead of four functional departments there are now 14 teams. And we've now introduced teams into our large Bramalea facility and elsewhere.

The team-based approach has been successful for Northern Telecom — as it has been for many other firms. It has helped us win not only the gold award for quality, but also the 1990 silver award in labour/management cooperation given by the Canada Awards for Business Excellence.

Innovation and People are the first two pillars of Quality. The third? Quality means Details. To put it in another way, Quality means looking for ways to be one percent better in 1,000 things not just 1,000 percent better at one thing.

Let me illustrate from Northern Telecom's experience some of the ways we've sweated the details to improve our products. I know that in many instances these approaches are ones we share with other businesses.

We've moved to Just in Time inventory. We pull materials through the manufacturing process as they are needed. By not ordering inventory ahead of time, we keep costs down. Terminals in our plant connect with those in our major suppliers so in many instances parts can be received in a matter of hours.

But the real pay-off is in speed of service to the customer. With our Norstar communications system, for example, we deliver a complete system, custom-made to meet the customer's need, within 48 hours of receiving the order.

We've become more demanding of our suppliers, too. Just as our customers have come to expect more from us. And that has meant fewer, better suppliers.

Three years ago for example our digital switching division bought from over 1,000 firms. Now it deals with a third as many — and the number will shrink still further. The result of our increased expectations from suppliers is that a large percentage of the parts we receive now need no inspection. And we're working with our major suppliers to have their processes certified to international quality standards.

We're also working the details by streamlining production with Computer Integrated Manufacturing. We can now electronically send a design anywhere in the organization. This means that teams of people, often in different locations, can refine the design so that the product is immediately marketable.

The time it takes to introduce a product has often been reduced by two thirds. Computer Integrated Manufacturing meshes with the team-based approach because it puts more information into the hands of those involved in production. It allows us to respond to customer needs at every stage.

In addition, we've created fully functional replicas of our customers' switching centres. These FAST offices as we call them, permit customers and Northern Telecom staff to test our equipment under conditions it will experience in our customers' environment. They're a first in our industry. We also invite customers to visit all our plants — and when they're there we invite them to grade us.

Let me tell you a recent story. A customer, with our support, scrutinized every detail of our operations at the Bramalea digital switching plant. We were told in advance that we'd be evaluated on a scale of one to five — as the customer's other suppliers had been — and that no other supplier had ever received more than a 4.2 rating. All employees were driven by pride and excitement — they wanted to do better.

Finally, the big moment came when the customer would announce our score. Many of the division's employees were present — and when we were rated 4.93 their hearts fell. They were used to sweating the details, and they wanted nothing less than a five! The customer was delighted by our performance.

In addition to customers inspecting our shop, we send our people to customer facilities to see how our equipment functions in their businesses. We send not only our senior people, but also representatives of our hourly, secretarial, and clerical staffs. They do this as part of an innovative program: The

President's Council on Competition. Their mandate is to learn, and bring back ideas to strengthen the company's competitive position, especially in the area of customer service.

This obsession with details — which reinforces our other approaches to quality — has paid off in the various ways that quality is measured. During the past five years, we've achieved several performance milestones:

- In-service down time of our digital switching systems has decreased sharply — in fact by 72 percent. We specify that our central office telephone switches will have a down time of only 2 hours over the course of 40 years in service. Put another way, that's an in-service performance of 99.999 percent.
- Delivery schedules were reduced by 50 percent during the same five years, while on-time delivery improved to 98 percent.
- Customer service requests are down by a factor of five — which means for every five service calls we had to make five years ago, we only make one now.
- We now meet and surpass the toughest of international standards. In 1989 we became the first company in the world to achieve the highest quality certification from both the Geneva-based International Organization for Standardization and the Canadian Standards Association.

But quality, as I've said, is a moving target. Despite these strides, customers expect more than ever. As we get better, they expect us to be better. And we're determined to deliver more.

And this brings me to the last of the four pillars. Quality is a total way of thinking. It's not a program that runs for a couple of months, or a single year. It's not an outlook of senior management, or of one division within a firm. It must be a total philosophy. It must be ongoing. And it must be shared by all individuals within a company.

At Northern Telecom Canada our total commitment to quality shapes our credo, "Quality Means Business." These words came from an employee suggestion in 1986. Now they're known to everyone in our organization.

P.T. Barnum, the circus baron, said: "If I shoot at the sun, I may hit a star." Well, we shoot for the sun. And we like to think we're going to hit it! Our vision is leadership in the telecommunications industry — the number one position in the world by the year 2000. One crucial component of this vision is our "Journey to Perfection." It demands that we achieve a thousand-fold improvement in quality indicators during the next decade.

The ultimate goal of the Journey to Perfection is **no** flaws in our products, **no** delays in getting a product to market, **no** imperfections in our process, and **no** inflexibility in product design. I don't know how that sounds to your ears. But to mine it sounds like a formidable challenge. It means striving for nothing less than Excellence.

Quality as a way of thinking requires the full involvement of all employees. The move from hierarchy to work teams, which I've discussed, is an important step in that direction. We've also undertaken other related initiatives.

Northern Telecom is in the business of quality. And to make sure we attain our targets, we've recently launched a corporate-wide program that commits us to excellence. To be the world's leading supplier of telecommunications equipment by the next decade, we've made a set of commitments to ourselves, our customers, our suppliers, and our employees. And they've made commitments to us.

Today, I'm pleased to have at this head table two people who are special to Northern Telecom — people who will help us achieve our vision of excellence.

Mr. Dennis Wood is President of CMAC Industries, a high quality supplier to Northern Telecom. CMAC is a young company. Yet it's a Canadian company that competes extremely well in the highly competitive global market for hybrid circuits. Many companies buy their hybrid circuits from suppliers in the Pacific Rim. It's a tribute to CMAC, that we buy most of ours at home, knowing that we're getting the very best in quality and service.

Also at the head table is Mr. Jack Pompeo, Manager of Quality at our digital switching division. Northern Telecom's winning of the gold award for Quality this past fall was certainly a team effort by the entire digital switching and customer service divisions. But if there's one individual who led that effort, it's Jack Pompeo. He has responsibility for quality standards in the winning division — and he, himself, is a winner we're very proud of.

Today I've described our four pillars of Quality. Quality means innovation. Quality means people. Quality means details. And Quality means a total way of thinking shared by all employees. Taken together they may not spell a new acronym, but we believe they do spell success. They reflect a commitment to our credo: Quality Means Business.

But it's a credo and an outlook that goes far beyond our company. I know other firms share this approach. And this emphasis on quality must be taken up by all Canadian businesses if our economy and our country are to survive and flourish in the years ahead.

The appreciation of the meeting was expressed by Douglas Derry, Partner, Price Waterhouse and a Past President, The Empire Club of Canada.

March 14, 1991

Jean Mahoney

Program Manager, The President's Committee
on Employment of People with Disabilities

EMPLOYMENT EQUITY FROM THE U.S. PERSPECTIVE

Chairman: **Harold Roberts**
President

Introduction:

Honoured guests, ladies and gentlemen;

Terry Fox, Steven Fonyo, Rick Hansen; these Canadians have clearly demonstrated to the world that determination and hard work can catapult so called handicapped people into great prominence.

Throughout much of The Hon. John B. Aird's term as the Lieutenant-Governor of the Province of Ontario, he emphasized the contribution that people with "special gifts" could give to society and to life in general. He spent many hours at Variety Village, the Bobby Orr Skate-a-thon, the Special Olympics, and the Bob Rumble Centre for the Deaf. He was always touched by what these people could do and when I had the privilege to be with him, I too was moved by their courage and determination.

Not so long ago anyone with a disability was all too quickly relegated to the back rooms of life.

Well, fortunately, in many ways, things have changed.

Much of life is accessible to those who previously found barriers both to physical and mental handicaps. While much has been done, much more can be accomplished to open society and business to all people.

In the United States, both governments (at all levels) and businesses, have been working together in a co-ordinated effort to make sure that all people have a right and opportunity to find employment regardless of their situation in life.

To help in this process, a Committee was established in 1947 by President Harry Truman to assist in the return of disabled veterans of World War II to civilian jobs. There were also many persons with disabilities who had found work for the first time during the labour shortage connected with the war. The President called for a citizen's movement to encourage business and industry to give these veterans and civilians an equal chance for employment and to open up new job opportunities to people with disabilities. Every succeeding president has continued to lend his name and support to this effort.

Our speaker today was to be Evan J. Kemp Jr., Chairman, U.S. Equal Employment Opportunities Commission. Unfortunately he had to cancel late last week.

On very short notice, Jean Mahoney, Program Manager, The President's Committee on Employment of People with Disabilities, agreed to fly up from Washington and to speak to us on a similar topic, namely: "Employment equity from the U.S. perspective."

Since graduating with a Bachelor of Science Degree in Social Sciences from Illinois State University in 1973, Jean Mahoney has had a varied career in politics and social services.

She has worked at the local, state and national levels of government. In 1984, she worked for Paul Simon in his bid for the U.S. Senate. Even in that job, her responsibilities included fund-raising and concerns regarding disability issues.

Jean Mahoney, thank you for coming on such short notice and welcome to The Empire Club of Canada.

Jean Mahoney:

First of all I'd to say thank you so very much for allowing me to come up to Toronto. I can't tell you how much I love your city and I sincerely mean that. I used to be married to a man from Toronto, so when they said, "Would you like to go to Toronto?" I practically jumped out of my chair at the opportunity to come up here.

I'd like to tell you a story that I think reflects why we have the new legislation in the U.S. About 14 years ago, my husband and I went to a fabric store to choose some fabric to recover a headboard of a bed. Being a good Scottish person from Toronto he couldn't part with a dime. I, of course, would choose lovely fabrics and he'd want a tartan. So we went three different times to the store and we could never decide. Finally, the third time, we did choose a fabric that we both could live with. On our way to the store we had a little bit of an altercation with an older man who had parked in a parking space for the handicapped. I was raised in a family where you never, ever, would be disrespectful to an elderly person. My husband, however, was raised to challenge authority and to be an independent thinker. He went up to the man who was not disabled and didn't have license plates for the handicapped on his car, and he really gave him a hard time and said, "If I was not with my wife, you would have just prevented her from having access. You've taken the only parking place for a handicapped person." A terrible fight ensued, and I was upset. And my husband said, "How can you enforce other people's civil rights," (because that's what I was doing at the time) "but not your own?" "You're such a wimp."

I was pretty upset by that comment. So we went in the store to choose the fabric. He wandered off and I went to the counter and said to the woman behind the counter, "Excuse me, could you please tell me where I can find that ribbon that you put around fabric to finish it off, kind of like a bias tape?" And the woman looked at me and she said, "Gimp." And I couldn't believe that she called me that name. And I just sat there. So I asked the same question again. She looked right at me and said, "Gimp." So I turned my head. I thought, now if he wants to yell, he'd have a legitimate reason to yell at someone. I've done nothing to provoke this. And as I turned my head the woman said, "They call it Gimp."

I tried to regain my savoir-faire and the woman never understood what went on. It went right over her head, and I was very grateful. But going home in the car I realized where that term came from. We say, "He has a gimp leg." We talk about an objective fact. There's something wrong with that person's leg that inhibits that person's ability to run. Just as this little ribbon inhibits the fabric from running. And I understand now how we get these terms. They're not pejorative as they are used sometimes. They're objective facts. But what it boils down to is it's all a matter of perception and attitudes. That's what it all boils down to. And what we, who are disabled, are advocating and I think succeeding at is, we're having people realize that you look at abilities, not the disability.

I think the fact that the United States has just passed a landmark piece of legislation called the Americans With Disabilities Act is indicative of that fact. This law is so profound that we have had representatives from the U.S.S.R. and Japan along with many, many other countries, especially your country, looking at us, asking us a multitude of questions. What in the world is the statute? It is beyond broad. There's no term to describe how all-encompassing it is.

I think, to begin with, I should just give you a brief overview of the statute. It has five titles. The first title covers employment discrimination. The second title covers state and local government. The third title covers public accommodations. The fourth is telecommunication relay services for the hearing and speech impaired. And the fifth is administrative. On top of having such a broad mandate covering so much, it also has four regulatory agencies which will enforce the statute. Obviously the first part, the employment, will be enforced by the Equal Employment Opportunity Commission, our main agency dealing with employment discrimination. Title two, state and local governments, will be enforced by our Department of Justice. Our title three, which is Public Accommodations, is the most complex and probably the most important of the Statutes. That too will be enforced by our Department of Justice. Title four, Telecommunication for Hearing and Speech Impaired Individuals, will be enforced by the Federal Communications Commission. My remarks today will primarily focus only on title one, our employment provisions and title three, public accommodations.

I think when you look at the ADA, as I will refer to it for shorthand purposes, it's an anti-discrimination statute. Some of our civil rights statutes are affirmative, some are non-discrimination. Just as when you look at the Ten Commandments, you have five do's and five don'ts, we have the same thing with our civil rights legislation. This is one of the don'ts. This is a "thou shalt not discriminate" statute. It's a conceptual, philosophical mandate. It is not a program. A lot of people are looking for the money to implement. I think we would undermine the intent and the spirit of the statute if we attached any monies to it. It has to be pure. It has to be a civil rights statute. Our congress understood that, and that is what passed. The employment part. It says any qualified individual shall not be discriminated against solely on the basis of disability. It mandates that we look at the abilities of the person. I work with private sector employers at the President's committee. That is my job. I have a great job. I probably have one of the best jobs in the United States because I work with Fortune 500 companies who have been doing a lot of the requirements of this law for fifteen years. They are model employers. They know how this works, and they are very supportive of this legislation. A lot of small employers are also very supportive of this legislation.

This statute will not apply to any employer who has fourteen or fewer full time employees. The first two years of its effectiveness will cover employers who have employees of twenty-five or more. In 1994, it will then cover employers having employees ranging from fifteen on up. In 1964, we passed the Civil Rights Act, our main granddaddy of civil rights legislation. This statute is predicated upon that law and a law we passed in 1973, called the Rehabilitation Act. It is an amalgam of those two. What it requires of employers is that you will review your policies, your procedures, your practices. You will remove those that intentionally or unintentionally may discriminate against qualified persons with disabilities. One of the best defences against not being sued under the statute, of course, is to develop position descriptions. Look at your jobs. What is it that you do? Because what the law requires, is that if someone is qualified to do your job and they need an accommodation to do the job, you have to accommodate that person in order to perform the essential functions of the job. It does require an accommodation.

This is a very hot topic with all employers. What in the world is an accommodation? Who pays for it? Where do I go to learn about them? I can honestly say that in my opinion, accommodations are not an issue. It will not be as burdensome as people perceive it to be. Studies in our country have determined that 70 percent of accommodations cost under $500. Thirty percent cost zero. So we're not talking about huge amounts of money. There are people who will be qualified to do jobs, who will require high-tech accommodations. But it's a very cost beneficial thing to do. Sixty-six percent of the people in the United States with disabilities between the ages of 16 and 64 are unemployed. Of that 66 percent, two thirds of them say if given an opportunity they would like to work. Of our Afro-American disabled people in the United States, 82 percent are unemployed. Of the 18 percent who are employed, 65 percent earn under $4,000 a year. We have huge unemployment among the ranks of disabled people. Only one in four disabled women work full time. We recognize there are problems. We recognize we have great rehabilitation, we have great educational opportunities.

There is a break-down somewhere. We have great state statutes to protect the rights of disabled people. We have great federal statutes to protect people on the basis of disability, if you receive federal financial assistance such as a hospital or a school, or if you're a contractor with the federal government receiving $2,500 or more. But this developed into patch-work and we needed some uniformity to bring it all together, hence this statute. Now to what extent does providing an accommodation to a really qualified individual become an undue hardship to an employer? When do you say, "Enough is enough"? With this statute everything is based on a common-sense approach. Everything is based on a case by case individual basis. And it's purposely designed that way — (a) to make sure we don't leave somebody out who should be protected; and (b) to look at the individual needs and requirements of the employer.

There are general criteria as to defining undue hardship, just as there are individual definitions of disability. We have a three-pronged definition. Who's covered by the statute? Firstly, someone who has an obvious disability, such as myself. Secondly, someone who has a history of disability, or has had cancer or had a mental breakdown and no longer has a disability, but still has a record of it. And as I'm sure everyone in this room knows, if you have a history of disability, it often does preclude you even though you may be qualified for the job.

Our third prong is a very interesting one, one that I really support, and that is, you're perceived as having a disability and you don't have one. An example of that is someone who perhaps has a severe facial disfigurement because of a burn. They might be qualified to do the job but maybe the employer doesn't want to hire that person because they're not nice to look at. I'm sure that person would be the first one to tell you they don't like looking in the mirror either, but why should they be denied employment because of something beyond their control. Also what about the person who was erroneously institutionalized for 18 years as schizophrenic and has no history of mental illness. They go for a job and the employer says,"Where have you been for 18 years? You don't have any work record." No they don't, but it was beyond their control. This law is designed to protect them as well.

The Public Accommodation section, title three, is amazingly complex. It is taken from title two of the Civil Rights Act of 1964. As you probably can recall, in the early '60s there were some very brave Afro-American college students and others in our country who went to lunch counters to eat their lunch just to integrate lunch counters. To me they're among the true heroes of my country, because they never knew if they would leave those lunch counters alive. All they wanted to do was integrate. Because of those brave acts, they implemented title two of the Civil Rights Acts that said "public accommodations will be equal to all people regardless of race, creed, colour, sex, religion, national origin." That concept has been built into this statute saying "public accommodations will be accessible to and usable by disabled individuals." You might have heard President Bush say this — "A young woman in Seattle, Washington, who has severe Cerebral Palsy was denied access to her local movie theatre." In a local zoo, somewhere in the United States, a young man with Downs Syndrome was told he could not go to the zoo to see the animals because he would upset the monkeys. There are situations like this, so they built this in and rightly so.

How do you enforce something this broad? That's hard. Furthermore, one aspect of Public Accommodations is public transportation. So we have this legislation that ensures that all new public transportation purchased from certain dates forward shall be accessible and usable by persons who are disabled. What do we do with existing structures, existing transportation systems? Very complex. We have different sets of standards.

Our goal is not to retro-fit the world. We don't want to make anyone go broke. We don't want to put anyone out of business. The goal is a common-sense approach to making whatever goods and services you have to offer, to the maximum extent you can, accessible and usable by people who are disabled. It means that if you have a book store, you don't have to lower all the shelves for people in wheel chairs, but you train your staff to ask a person in a wheel chair, "May I be of assistance?" I've been in a wheel chair for almost 37 years, since I had polio. I have never in my life not had the utmost courtesy in every store I've ever entered, except one and he was a man from another country and I don't think understood what it was like — that you had to be nice to all people in my country. I think that he was afraid of me. So I think that this just institutionalizes what public service entities already do. If you have a restaurant it does not mean that all your menus have to be in braille. First of all that would be stupid because only three percent of blind people read braille. What it says is that you might train your staff to ask if a blind person would like the menu read, or perhaps you would have a few copies in large print for people with low vision. It encourages people to be creative and to think about how best to make their services accessible to and usable by people with disabilities. Another example is of a dry cleaner with one step into his establishment. I want to use his services but he can't put a ramp up because his doorway abuts on city property. What he can do is put a sign in his window encouraging me to use his services, saying, "Please ring the bell" or, "Knock on the window" and we'll be happy to bring our services to the door. That's how you make sure that you provide existing goods and services to people with disabilities in a non-discriminatory manner.

Now obviously we emphasize to the maximum extent possible that people try to have the most integrated setting. And as you renovate, and as you build, you must comply with architectural requirements to make it as accessible as possible. There are certain criteria in the draft regulations for this public accommodation. And that, as I said, is for all prospective, new or renovated architecture so that to the extent possible it will be barrier free. And for your existing structures you will attain the magic phrase in Washington right now, "readily achievable." That is the big buzz word right now. And readily achievable is defined as that which is easily accomplishable. You can imagine the employers on that one. Another requirement is that, to the extent you can, you have to provide auxiliary aids and services. Auxiliary aids and services are nothing more than a menu that's in large print — any other service in an alternative format or anything that would help someone who is disabled to use your services. You have to eliminate unnecessary eligibility standards or rules.

Obviously, how can you implement anything until you take a look at yourself. You have to use this readily achievable alternative measure standard against your services and you have to make sure that all your new construction complies with our new standards. I'd like to say also, that the federal government a couple of years ago, in its efforts to really demonstrate itself as the model employer, passed a law called Section 508. And what it said was that any equipment bought by the United States government for use by its employees — a fax machine, a telephone system, a computer system — has to be designed so that in the future if a person with a disability comes to work in that office that equipment or that mechanism can be adapted for use by disabled individuals. I think that was very forward-looking. They were saying buy something that's cost-effective. If we have to adapt it for somebody, we can. That concept too is found in this new statute. It says if you renovate, think about your hiring of a person with a disability in the future. It doesn't mean that you have to have a room full of adaptive devices for people, but think about that when you design. I think that these are very forward-looking and very good points to give to employers.

When we talk about the public accommodations, there are a couple of sentences in the regulations that I'd like to read because it helps to understand the Congress. The regulators realize this is a sensitive area. Employers are concerned about what their obligations are going to be. It says right in the regulations (these are draft regulations), "Barrier removal measures that are not easily accomplishable and are not able to be carried out without difficulty or expense are not required under the readily achievable standard, even if they do not impose an undue burden." So they realize they're not going to make people go broke, they're not going to hold them to a standard that's going to be very hard to prove in court. But they are going to make them show that they did try in good faith to achieve the maximum extent they could.

One of the unique points of the statute that I've not seen in other statutes is in the employment part. We have a provision that protects people who may be associated with a person who has a disability. The parent of a disabled child, the spouse of a disabled person, someone who has an affiliation with someone who has AIDS. This statute will protect those people from employment discrimination. It does not, however, allow those people to have reasonable accommodations, such as "I need time off to take my child who is disabled to the doctor." That will not be allowed. But if that person mentions in the interviewing process that they have a disabled child, that fact cannot be used to not hire them. In the public accommodations part, we have the same concept to protect people. You can't discriminate on the basis of association. Another interesting change is in the public accommodations part. There's a concept called 'direct threat.' You cannot discriminate against someone if they pose a direct threat to the health and safety of others. But it doesn't say anything of self. This is a very major change. I don't think people realized it when they first read the law and the implementing regulations. So it's a very unique little twist here. In providing public accommodation to a person with a disability and in so doing there's a potential of a direct threat to that person, you may have to provide the accommodation, because there's no exemption to that in the statute nor in the regulation.

I don't know how that's going to play out and we may have to go to case law for that. Obviously this is a new statute. These are proposed regulations from four different regulating agencies plus the guide-lines in architectural accessibility. Five different standards. Now we have to get our policies in place that come from investigations and of course we'll have to go through the courts to get case law to flesh this out. This will be very interesting. This doesn't really start until 1992. I look at the statute and I see the best of democracy. It is a classic example of a people recognizing a need. Gathering together at the grass roots level. Effectuating change.

Influencing their legislators. We now have law. We now are in the middle of our regulatory writing process. I think we have a lot of problems in the United States. I think we are the first to admit that. But I'm very proud to say that I serve and I am part of the longest lasting democracy in the history of the world. And this legislation brings this home to me. I think on behalf of all disabled people, it makes democracy more relevant to all of us. I thank you very much for the opportunity to speak to you today.

The appreciation of the meeting was expressed by Mary Byers, Author and Historian and a Director of The Empire Club of Canada.

March 20, 1991

Lt. Gen. Fred Sutherland

Commander, Air Command

CANADA'S AIR FORCE IN TRANSITION

Chairman: **Harold Roberts**
President

Introduction:

Honoured guests, ladies and gentlemen;

"A pompous leader was reminiscing interminably about his glorious exploits in World War II. 'I hadn't had my wings in the Air Force for a month,' he asserted, 'when I blew up four ammunition dumps and shot down nine fighter planes.' 'Oh yes,' sighed the lady next to him wearily. 'I presume that's when they decided to send you overseas.' "

Our guest of honour is a flyer who has just returned from the war overseas. He recently visited our forces serving in the Persian Gulf War, and I must confess that when we made the arrangements for this special luncheon just a few short weeks ago, there was little prospect on this side of the ocean that hostilities would have concluded quite so quickly. But thank God they have!

Our Canadian forces served in the Gulf, at sea on land and in the air, since the earliest stages of the United Nations' call to duty. They played their role as a member of the coalition, efficiently and effectively. Although our numbers were not great, they did serve on the front lines and executed a part in the war that absolutely minimized the land campaign. And they did so with no casualties.

They have made Canadians proud.

Lt. Gen. Fred R. Sutherland is the Commander of Air Command. He was in the Persian Gulf to inspect first hand the Canadian Air Operations.

Born in Halifax in 1942, Gen. Sutherland is the son of a service officer. He attended Le College Militaire Royal de Saint-Jean and subsequently graduated from the Royal Military College in 1965 with an honours B.A. in Political Science and Economics.

In 1966 Gen. Sutherland completed his pilot training at C.F.B. Gimli. From '66 to '71 his career centred in flying and flight instruction. Subsequently, he took his Master's Degree in Business Administration at the University of Western Ontario.

From then on, Gen. Sutherland has served in command and staff positions in Europe and Canada.

In July 1989, he was promoted to the rank of Lt. Gen. and on August 4th 1989 he assumed command of Air Command. In July of 1984 the General was appointed an Officer of the Order of Military Merit and in January of 1989 he was promoted in the Order to the Rank of Commander.

Gen. Sutherland will relinquish command this summer and resume his new appointment as Vice-Chief of the Defence Staff.

We welcome Lt. Gen. Fred R. Sutherland to The Empire Club of Canada and invite him to address us now.

General Sutherland.

Fred Sutherland:

Mr. President, head table guests, members of The Empire Club, ladies and gentlemen:

Let me say at the outset how very pleased and honoured I am to be here today and to have the opportunity to speak to such a distinguished group of Canadians. I feel honoured to stand at this podium in the knowledge that I follow a distinguished group of people who have had the privilege of standing here and talking to The Empire Club. Indeed I was almost in awe when I read that list. I will try my best to do justice to this platform.

Je tiens tout d'abord, Monsieur President, a vous remercier de votre invitation d'être ici cette après-midi à Toronto et d'avoir l'occasion de vous adresser la parole au sujet de l'avion du Canada.

The theme of my remarks this afternoon is "Canada's Air Force in Transition." I would hasten to add, as a precursor to my remarks, that it is in every sense of the word your Air Force, and I would ask you to think of it in that context during my remarks.

That transition started about 18 months ago. Therefore, to put my remarks into perspective I would ask your indulgence as I take you briefly back to that point in time and reconstruct a bit of recent Air Force history.

I apologize to people like General Legge, General Rohmer, General Lewis and others who may have heard parts of these remarks during that time period. For them it will serve as a refresher and perhaps a memory test.

Shortly after assuming command 18 months ago, I convened a meeting of the senior leadership of the Air Force to deal with what I perceived to be triforcated problems (three part problems): First, to define and articulate my vision of the Air Force of the future; secondly to try to determine how to give effect to that vision — to implement it, and thirdly to continue to discharge the roles and missions of the Air Force as effectively as possible while we were getting from here to there. All of this against a backdrop of increasing fiscal constraint and the vexing problem of trying to manage in a climate of ambiguity engendered by omnipresent and almost exponential change.

In formulating the vision, I sought to answer three questions: What kind of Air Force? In what kind of Canada? In what kind of world? I sought also to avoid the traditional military propensity toward insularity of thought which had theretofore characterized a great deal of our planning. In the process a premium was to be placed on strategic thinking, taking into account that conglomeration of factors which impact directly or indirectly on our Air Force: its missions, its structures, its equipment, and its people. Basically, on the way we do business. In the worst case, these factors can serve to limit our freedom of action, handcuff us, if you will, and conspire to frustrate us. On the other hand, knowledge of these factors which constitute the external environment in which we operate, provides us with opportunities. In either case, we ignore these factors at our peril. You will recall, I am sure, that the key international and domestic factors operative at that time, and against which the vision had to be defined, included; the winds of change sweeping across Eastern Europe and the Soviet Union, the fiscal realities of which I spoke a few moments ago; the trend line toward transition from a bipolar east-west world to a more multi-polar world with the attendant significant implication for Canadian policies, trade, defence and so on; and an apparent public apathy in Canada vis-à-vis the Canadian forces. I add quickly and unparenthetically that I am being a bit uncharitable in that assessment because studies/surveys conducted by the Canadian Institute of Peace and Security demonstrate that yea verily Canadians did have an interest in the military, but it is fair to characterize that interest as rather benign. Certainly and understandably, defence is not a front burner issue for the majority of Canadian citizens. Numerous other factors also form part of the equation: changing demographics, changing societal values, rapid technological change and the emergence of the so-called information society.

It was against this backdrop of realities, perceptions, and change that my vision was constructed. The prime consideration in constructing the vision was the contribution the Air Force would be required to make in three key areas: first and foremost Canadian national security, and I define national security as the preservation of the way of life acceptable to Canadian people and compatible with the needs and legitimate aspirations of others. It includes freedom from military attack, freedom from internal subversion and freedom from the erosion of the political, economic and social values which are essential to the quality of life in Canada. The second contribution was to protect Canadian sovereignty and finally to contribute to what I call the national interest.

Let me give you some examples of the kind of contribution the Air Force makes in this area, the area of national interest.

I'm talking about such things as search and rescue, fisheries patrols, fighting forest fires, evacuating people threatened by forest fires, environmental patrols, wildlife counts, ice surveys, patrols to combat illegal immigration, counternarcotics operations with our colleagues, the RCMP, to combat illicit drug trafficking into our country, support to events such as the Olympics, Canada Games, and enhancing Canada's image abroad through participation in numerous peacekeeping and humanitarian efforts and hopefully, in the not too distant future, the verification of arms control and disarmament treaties. In each of these areas, the salient and very important point is that air power is an omnipresent and important constant. We need a viable and dynamic Air Force in Canada.

Let me now turn to the elements of the vision. First, fleet rationalization. When I assumed command of the Air Force, it consisted of some 800 planes spread across 23 fleets and one does not have to be a rocket scientist to figure out that that was costing us in terms of logistics, training, spare parts, and so on. So we had to reduce the number of fleets of airplanes. One of the casualties of the Gulf War was the trip I was supposed to take to the Soviet Union to visit my counterpart in response to a visit he had made to Canada last summer. I couldn't go because of the war but some of my staff went and it was interesting to note that my counterpart, General Malakoff, isn't back from the same program. I'm not sure if this is good news or bad news. The second element is flexibility. If we're going to rationalize or reduce the number of fleets of aircraft, we had better make sure that the fleets we have or the fleets we acquire have the flexibility of employment. Its a logical and a necessary corollary that the CF-18 is a glowing example of the flexibility of which I speak. The third element is the maintenance of a core of expertise across the broadest possible spectrum of air operations. We had learned in the early '70s that if we lost a capability it was very difficult to retain it and, indeed, in the case of our 104s it cost us airplanes and, regrettably, lives. It is incumbent upon me as a commander that I don't deny subsequent commanders or subsequent governments the capability that it may well need in the future. The fourth element is synergy with the industrial base in Canada. It seems self-evident to me that if we're going to buy airplanes or equipment, every effort should be made to ensure that Canadian industry plays a part. The fifth element is that the Air Force of the future will be a total force Air Force comprised of both regulars and reserves. The presence here today of Colonels Scanlan and McCague (head table guests) exemplifies that total force concept. The result will obviously be a leaner and hopefully more cost effective Air Force.

That vision was not ethereal, it was pragmatic and it has not found its way to the floor or the waste basket but has been translated into a blueprint defining the Air Force structure, organization, equipment requirements and personnel framework. It is a vision which, in my view, will also pass the litmus test of consistency with government policy, achievability, realism, affordability and acceptability both within and without the Department of National Defence. It will result in an Air Force which, again in my view, will be professional, well-equipped and relevant; relevant to the Canadian population and, equally or more importantly, relevant to the people who choose to serve in it. I hasten to add it is not necessarily the kind of Air Force that Fred Sutherland would like to have if the world were perfect. But we had to do our best to sublimate our parochial interests and to apply our best professional military judgement to define the kind of Air Force we think Canada will need, not the kind of Air Force I think I would like to have, but the kind the country needs. To do otherwise would have been, in my view, a dereliction of duty. I am confident we have succeeded in this regard and, indeed, we are already embarked on implementation. You will have seen announcements in the media over the past couple of weeks about the disbandment of squadrons and the phasing-out of fleets. Very tough, very difficult, very emotional decisions but very necessary decisions. Some of you will probably say, "Well General, that sounds fine for the future but what about today?" I am sure that those of you with business backgrounds or associated with organizations with a focus on the bottom line, are probably asking yourselves the question about value for money. In other words, what do we get from our Air Force for our hard-earned tax dollars? I am both pleased and proud to answer that question.

It is the kind of Air Force that, as we lunch here today, has transport aircraft deployed around the globe, in a variety of missions including the on-going repatriation of our forces from the Gulf, which has helicopter and fixed wing resources on standby across this country ready to respond to any emergency by sailors, or airmen or any other Canadian in distress. Last year, we responded to nine thousand such incidents and saved numerous lives. We have maritime aircraft on exercise in the Atlantic, the Pacific and the Mediterranean patrolling our coasts and patrolling our Canadian Arctic. We have helicopters on standby to support the RCMP in counter-terrorist operations or in any other contingency for which these special resources might be required. We have fighter aircraft on alert to make sure there are no unknown incursions into our air space. These happen more frequently than the average Canadian believes. We have an Air Force which operates, in my view, the finest pilot training system in the world. It is also the kind of Air Force which quietly but effectively provided over 3,000 helicopter hours in support of General Foster's land forces during the crisis last fall at Kahnesatake and Kahnawaki. And, of note, the air reservists flew fully a third of those hours (the people that Colonel Scanlan and Colonel McCague represent) safely and effectively bringing great credit to our organization in underlining the importance of the reserves to the Canadian forces. It is the kind of Air Force which, during 1990, provided eight helicopters in the peacekeeping operation for the United Nations in Central America. They flew 3,000 hours under very difficult circumstances, very challenging conditions of high heat, high humidity, and high altitude. Operating from Tegucigalpa in Honduras they successfully carried out their peacekeeping duties. During the middle of their mandate, they were asked by the United Nations to participate in the disarming of the contras. They rose to this task and in a very short period, they were responsible for the gathering and destruction of 22,000 weapons.

In a typically Canadian way, they went beyond what they were asked to do. Let me illustrate. The contras in returning to their farms in Nicaragua found a lot of them occupied by squatters. They were unable to feed themselves. They were in danger of starving. Canadian forces, on their own initiative, airlifted thousands of pounds of foods and other vital supplies to enable them to survive until the land situation sorted itself out. People also found time to discover an orphanage in a place called Venus Las Angeles which means "Valley of the Angels" which I can assure you is a misnomer. They adopted this orphanage. They literally rebuilt it. They painted it. They replaced all the sanitary facilities. They replaced the water reservoir to ensure a safe supply. They provided medical care. They gave money from their own pockets to support the orphanage. I had the opportunity to visit that orphanage as part of my visit to Central America to present peacekeeping medals to our troops in November and I cannot begin to describe the emotion. Indeed, it still raises a lump in my throat when I think about it — when you see and feel for the 155 young Honduran orphans begging for Canadian sponsors and benefactors. Sgt. Perron (head table guest) served in this organization and proudly wears the United Nations peacekeeping medal.

Finally, it is the kind of Air Force that performed with singular professionalism, singular dedication, singular courage and singular effectiveness in the Gulf. Most of you were able to follow their activities through media coverage, therefore I will highlight only a few of their achievements. They responded to government direction to provide air forces in the Gulf within seven days. Only one day after arriving in the Gulf, they flew their first operational mission. They flew nearly 6,000 CF-18 hours without accident in three demanding roles: combat air patrol protecting ours and coalition ships against Iraqi fighters with the deadly Exocet missile. When operation Desert Storm started, they started to provide sweep and escort for Allied Coalition forces ingressing Iraq and the Kuwaiti theatre of operations. Finally, they transitioned in the final phase of the war to the air-to-ground role and were successful in destroying many Iraqi forces including tanks from the Republican Guard. They transitioned from each of these roles, back and forth, very quickly and very effectively and this reinforces the point I made earlier in my vision of the Air Force — the requirement for flexibility of employment in our equipment.

Perhaps the ultimate tribute paid to our pilots in the Gulf was paid by the United State Navy. When the Midway carrier battle group transitioned into the Gulf and went through the Straits of Hormos, they don't fly during that transition because of the confined space. They are very vulnerable to air attack. During that period, the United States Navy called upon the Canadian Air Force to provide top cover for them. That bears far better witness than any words of mine of the esteem in which our pilots were regarded in the Gulf operation.

Our Boeing 707 Tanker flew 78 air-to-air refuelling missions of our airplanes and coalition aircraft. Two days after their arrival, they saved two American F-14 aircraft who were in danger of ditching in the Gulf because they had run out of gas and couldn't make it back to their ships. Our tanker provided them with fuel and saved those two airplanes. Our Sea Kings were embarked on Admiral George's ships in the Gulf. They flew nearly 3,000 hours in very demanding situations, mostly at night, and it is interesting to note that our Navy and our Air Force on those ships represented three percent of the naval resources in the Gulf, yet prosecuted fully 25 percent of the interdictions and the boardings during enforcement of the UN sanctions.

Our transport fleet of Boeing and Hercules flew over 7,000 hours and airlifted over 5M pounds of freight. For those of you keeping tally, that's over 15,000 hours of very demanding flying during very challenging circumstances without accident and, more importantly, without loss of life. Major Bill Motriuk, on my left, represents all of our people who participated in our operation. He was on the United Nations coalition's air planning staff in Saudi Arabia and served with distinction.

Yesterday at a very meaningful and emotional ceremony in Ottawa, I participated with the Governor-General, the Prime Minister and hundreds of other Canadians in welcoming back our nine CF-18s, our tanker and 270 people who participated in the field hospital in Saudi Arabia. As I said to them and as I had said to them earlier during my visits to the Gulf, I have always been proud to wear the uniform of my country but never prouder than I am today. So ladies and gentlemen, that's the kind of Air Force you get for your money — proud and professional.

Let me take off my military cap for a moment and talk to you as a Canadian. It should not be lost on each of us and indeed on all Canadians, that our success in each of the operations I have just described transcends the military dimension. For at a time when there are significant centrifugal forces at play in our country, that success of which I have just spoken, represents a glowing example of Canadians from across this country, from all provinces and the Territories, from both official languages groups, from across the fabric of the Canadian cultural and ethnic mosaic including aboriginal people, all working together successfully toward the achievement of a common goal. In other words, the Air Force and the Canadian forces are truly a national institution which serves as a model of understanding, tolerance and mutual respect which, in my mind, Canadians would do well to emulate.

Let me go back to my initial point on value for money. I would submit for your consideration that, in the final analysis, we really can't put a price tag on national security. We can't price what is inherently priceless — our freedom. A great philosopher once said, "My end is my beginning." I began my remarks by talking about people but I have talked primarily about things — airplanes, visions, blueprints, roles, missions, flying rates, and so on. Let me draw my remarks to a close by focussing once again on people — the essence of your Air Force, the 30,000 men and women, military and civilian, regular and reserve force, hard-working, dedicated, loyal Canadians imbued with a very strong sense of service to country, willing to sacrifice, including sacrifice by their wonderful families as part of that service to Canada. When I pause to reflect upon the Air Force, in a quiet moment, the images that come to mind are not of airplanes, and helicopters and missiles, they are of people. Native children sitting in the back of a Hercules scared as they are evacuated from their homes threatened by forest fires, comforted by a crusty old loadmaster in the back of that airplane; orphans such as I saw at Valley Los Angeles, the Kuwaitis smiling, freed at last, as they greeted our Canadian ambassador, the starving contras looking up to those helicopters bringing them life-saving food and supplies and the children at fences at air shows, in hospitals and schools when our Snowbirds come to call. These magnificent aviators — Canada's ambassadors of goodwill — whose work on the ground is equally as important as their legendary flying skills. Lieutenant-Colonel Dempsey (head table guest) represents the Snowbirds and all that is great about them. I note that Mr. Lawrence, the father of one of our Snowbirds, is in the audience today.

These 30,000 people serve as a source of tremendous pride and inspiration to me. I hope that through my remarks today I have conveyed that sense of pride to you, and more importantly, that you will share in that pride. For my part I can assure you that I feel privileged to command your Air Force. Let me close with a quote by President Kennedy talking to a graduating class at the United States Military Academy in West Point.

"What you have chosen to do by devoting your life to the service of your country is the greatest contribution anyone could make. When there is a visible enemy to fight in open combat, many serve, all applaud and the tide of patriotism runs high. But when there is a long, slow struggle with no immediate visible foe, your choice will seem trite indeed." As the memory of the Gulf fades and your attention, as it necessarily and understandably must, turns to other challenges facing our country, I would ask you simply to pause every once in a while and think of these wonderful Canadians who so proudly wear the uniform of their country. I can assure you it will make that choice seem less hard.

The appreciation of the meeting was expressed by M. Gen. Reginald Lewis, Chairman and CEO, TEDCO and a Past President, The Empire Club of Canada.

March 21, 1991

Charlie Francis

Coach and Author

ELITISM IN SPORTS

Chairman: **Harold Roberts**
President

Introduction:

Honoured guests, ladies and gentlemen;

Generally speaking, during my term as President of this prestigious Club, I have asked the various speakers to forward a curriculum vitae to me in order to help me prepare a suitable introduction. In some cases this is not necessary, for example, with the Prime Minister, or Michael Wilson, or Diane Francis. These people are prominent and well known in their fields.

It's the same with Charlie Francis. The media have been full of information on him and just in case there was anything missing, Charlie has published a book on his career, especially as it has centred on the Seoul Olympics of 1988. It's called *Speed Trap*.

Mr. Francis certainly has both fans and detractors. In the media there are those who strongly condemn and those who see that the treatment of Charlie has been quite unfair. The powers that be at Athletics Canada have been most critical in their condemnation of both his coaching ability as well as his apparent lack of repentance.

Some of his former coaches claimed that Mr. Francis was lazy and just too temperamental for his own good, but in his book, Charlie explained how Canadian coaches during his running days, just did not have the knowledge to produce a great runner. They tended to overwork the athlete and did not allow the muscles time to recover. Subsequently, Charlie was able to apply his own methods of training and to prove their value.

At the Dubin Enquiry, Mr. Francis gave a full disclosure of both his training methods and his use of drugs in the training programme.

As a result of that disclosure, there appears to have been little change in drug use at the international level and the only one who seems to be beyond redemption, is the one who was the most open. In the final analysis, it would appear that the truth is that for Canadian athletes to compete on the international scene, something must be done to make the playing fields level.

One question continues to haunt me. Having read Mr. Francis' book and many accounts about the Seoul Olympics, I cannot understand what went wrong. With a coach who truly knew the ropes in his field and an athlete who had competed at that level for so long, how did the drugs get into Ben Johnson's system? Neither of these men were fools, but were they duped?

We welcome Charlie Francis to The Empire Club of Canada today and invite him to address us now.

Charlie Francis:

I was watching the Toronto Maple Leafs on T.V. last night. I think most of you are aware of what sort of season they've had. I was thinking of all the criticism that's been launched at them in the media. They've been basically buried under a series of statistics; goals against, you name it. I was wondering, what if the Toronto Maple Leafs' management stood up and went on a counter-offensive, and said "Sports isn't about winning, it's about personal growth." And what if some of the players stood up and said, "Winning is out, doing your best is in." I think after the public recovered from their shock, they'd storm Maple Leaf Gardens, demand ticket refunds, and then tar and feather every man in the building. So, I think everyone recognizes what an affront that would be, and yet that is precisely the line of argument being used by Sport Canada today to explain away the decline of Canada's position in international sports subsequent to 1988.

Now, of course, doing your best and personal growth are indeed fine objectives for recreational athletes, but this is not what elite sport is all about. Elite sport is now and always has been about placing at the top order in international competition. And the argument is often presented, that the Maple Leafs, for example, are professional athletes whereas our amateurs are not paid. But in fact amateurism died long ago at the elite level. Athletes today have to train incredibly hard to achieve results on the international scene. They must be full time athletes to have any hope at the highest levels. So whether they are paid poorly or well, as in the case of some of our top athletes, it is a full time job and Canada is paying $68 million a year to try and generate some results in that area. So we have to think about the reason why we're getting this sort of obfuscation and confusion in our goals.

The problem is that Sport Canada has been caught in a bind all along. It's been obvious for decades that anabolic steroids and other performance-enhancing drugs have saturated the field internationally. The vast majority of top athletes have been using these substances, but such an admission on the part of Sport Canada prior to Seoul would have implicated many of our top athletes. After all, they're beating everyone else, so must they not also be part and parcel of this process? Well, after Seoul, the Dubin Report made very clear that drugs are pervasive, inside Canada and especially on the international scene and that there's no reason to believe that this is about to change. There has been no action internationally that would indicate that there will be any reforms coming in the near future.

Well, if that is true, Sport Canada feared that if they acknowledged these performance-enhancing drugs, then they would be admitting that it's highly unlikely that we will ever have athletes at the level of Ben Johnson again, so they chose to ignore this issue. That creates a problem for the athletes, because if you deny the importance of these substances in international sport, you basically deny the Canadian athletes an excuse. If they are expected to remain drug-free, you give them no excuse as to why they shouldn't beat everyone else in the world. So people basically say, well they're not really trying anyway, they're just out there to go sight-seeing. We really have to look at the whole issue of elitism. I think it's worth reviewing the history of drugs in sport in the first place.

Performance-enhancing substances are not a short-cut to the top, and never have been. They in fact allow athletes to do very much more work than was possible in the past so that they can achieve the incredible levels that are being achieved in international sport today. And no less a publication than the IAAF Quarterly, (that is the International Amateur Athletic Federation that runs track and field), published an article stating that upon review of the training programs of the top athletes, it is clear that it would be impossible to carry out the training that they do and the high level results that they field, without the use of performance-enhancing drugs. This is quite an admission from that particular group. I don't know how it got past their editors, but it is in print.

So, once the performance standards were set, the sport itself attempted to come to terms with it. These drugs were in common currency by the 1950s. By 1975 a rule was passed to ban them. So they decided they would introduce drug testing at major competitions. Now of course, coaches, athletes and officials were looking to see what would happen when these tests were introduced. The first competition that had this testing was the European Junior Championship held in 1975. And lo and behold, the world's leading junior athlete Marleis Göhr tested positive in her A sample, her anabolics. Well, this was quite a worry to the officials at the IAAF. So they asked the East German officials to mail in her B sample for analysis. Not surprisingly the sample arrived broken. So she stayed in the sport for another 13 years, broke a dozen world records and the whole world was laughing at the system. When questioned on this, the former president of the IAAF, Adrian Paulin, responded, "Well, why should we take action against the Europeans when the Americans are the biggest offenders and they don't test at all?" So, the next step was the European

Championships in 1978 held in Prague, Czechoslovakia. They generated 26 positives, so the word is. But, after meetings and trade-offs and so forth east to west, it ended up that there were six athletes from the east and no more from the west to trade against, and those six athletes were suspended, including three Russians and one of the East Germans. So, this rather bizarre solution raised a lot of eyebrows again. Why would you not let everyone off if you have a question about the testing? Why would you pick six and let 20 others off?

The Russians have long memories. In 1985 the World Cup of Track and Field was held in Moscow. The two top athletes from Czechoslovakia tested positive and were removed. So we know that the system has been very flawed, and the athletes are looking for direction from the officials. If you were an athlete and you wished not to use drugs, then you were reliant on the authorities to protect you from those that would. Well the analogy I like to draw is to Tombstone Territory in 1880. The townsfolk are relying on the sheriff to keep the cattle rustlers under control. But every night the sheriff is in the local saloon getting drunk and falling face first into the spittoon. Pretty quickly the townsfolk begin to lose faith and they strap on a Colt 45 and decide they'll take care of business for themselves. And this is basically the situation we have faced in all these years. It was certainly the situation as I found it when I entered the coaching arena .

Now our goal, my goal, as clearly stated in my job description, was to produce athletes at the highest level in the world. So being a bottom-line guy, I looked into the situation. I knew what it took, and so I went out and did it. And we did generate the athletes. Of course there was a lot of controversy in Canada among the coaching fraternity. There were discussions constantly. Charlie's athletes are using drugs. Why was this? We didn't wear badges on our uniforms saying, drugs here. But the fact is, they knew what we were doing because we were the world record holders. Officials are not stupid. They know precisely what it takes to get to the top. And they knew we must be doing it or we wouldn't be there. Now, we also had two august groups, Sport Canada which is the parent organization that runs sport, and the Coaching Association of Canada. They were charged with the goal of finding out how high-performance is generated throughout the world. So they travelled the world for many years, for 15 or 20 years, to the Sports Institute in East Germany, to the Soviet Institute of Physical Culture in Moscow, and elsewhere. And they came back and reported, "There are no drugs being used in the Eastern Block, it's all good coaching."

Well I wonder how it is that these individuals could go throughout the world for 15 years and, in all this time, not find out what I could find out in 15 minutes with a carton of cigarettes and a bottle of scotch, sitting down with a couple of East German coaches. There was no question what they were doing. And they never made any bones about it. They just wanted to find out what we were doing to see if we knew anything they didn't or vice versa. And this was true throughout this coaching fraternity. Discussions were widespread and well known.

Well, now we enter the current situation. In Canada, they're attempting to introduce tough new sanctions against steroid users and steroids in general. They are attempting to see to it that our athletes will not use drugs and have indeed introduced random testing which should act as a relatively effective deterrent, at least to those athletes who can't skip out of the country from time to time. Now, the situation is, what will our athletes face when they compete against the international scene? Well, subsequent to Seoul, an agreement was formed between East Germany, the United States and the Soviet Union, this was a 'just say no' campaign where they decided that they would test each other to see to it that drugs were not used. Well this is like the five Mafia families of New York deciding that they'll police each other to eliminate crime. I wouldn't abolish the police force in anticipation of any great results. I made charges against the Soviet Union, that they had a doping ship in Montreal that was testing their athletes in advance, that they had doping ship in Seoul, that all their athletes were on drugs and so forth. I was called a damned liar by the head of the Soviet Institute, who stated he would come to the Dubin Inquiry and testify. Within a week, the official communist youth magazine published an article reiterating all of my charges and then adding to them, stating that in 1986 in Stüttgart at the European Championship, 30 percent of their team could not pass the test and the team was changed at the last minute in track and field. But two athletes they considered essential were sent forward to the competition, even knowing that they were still positive, in the hopes that they could somehow clean out before the competition. So every night that they were in Stuttgart, samples were collected, sent by overnight courier to the lab in Moscow, tested, and then coded messages were sent back to the Embassy telling them what to do. These athletes competed through all the preliminary rounds at the European championships until the final, but before the final they were still positive and they were told to fake injuries and get out.

In East Germany we had another situation. The head of the Eastern Olympic Committee defected to the West, Dr. Noscinski, and he stated that every single athlete who competes for the GDR is doped, every one. Well the International Amateur Athletic Federation was approached on these two issues, the Soviet Union and East Germany. We've got clear admissions now. What in fact are you going to do about it? Well the charges were dismissed as rumour and innuendo, which is tantamount to a police officer refusing to investigate a murder because he didn't see it himself. So, in the case of East Germany, British Broadcasting went to the General Secretary at the IAAF and asked how he intended to proceed with the charges made by Dr. Noscinski. And he said, well we've contacted our member federation, the GDR, and they've assured us that it's not true. So they asked the East Germans to investigate themselves. Not surprisingly a verdict of not guilty was returned.

Stern magazine took a different tack. They went to the IAAF representative in East Germany, Dr. Manfred Höeppner, who's run their sports medicine program since the country's inception and offered him a quarter of a million dollars and he spilled his guts. He provided documented proof on 362 of their athletes, the cream of the crop, all the top athletes. Kirsten Otto with seven or eight gold medals. Of course all the athletes denied it. Kirsten Otto stood up and said, "Well this is nonsense, it's not true." Then Dr. Klausnitzner who runs the Kreuscha Testing Lab says, "Of course it's true and not only that, I tested her in my lab recently and she had an 18 to 1 testosterone limit, three times the natural limit for testosterone." So we know there's no doubt there.

The IAAF has responded by taking no action whatever. In fact the only action taken to date is to remove the world records of Ben Johnson and Angela Isajenko and give them to others, because the only grounds upon which records can be removed is telling the truth. Ironically, the 50 metre world records for the two athletes were taken from the Canadians and given to the East Germans. And it's quite interesting, that the women's record holder, Marita Koch, named among the 362, denied it so she could keep it. The men's record holder, Eugen Ray, he's in no position to admit anything. He "died" in the line of duty in East Germany. In actual fact he was a border guard and he got shot going over the wall about 10 years ago.

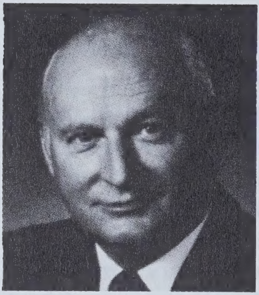
Anyway, that's the situation as we find it. Now if this is so, and obviously it is, what are we going to do about it? Well the random testing program may help. The Americans introduced a random testing program as well, and a lot of athletes in the U.S. began to get scared. Between 1988 and the winter of 1989, results began to plummet in America. But then they passed what they call the Mary Decker rule. Mary did a lot of complaining so they decided that it would be too inconvenient for any athlete to travel more than 75 miles to have a urine test. So they exempted anyone who lives more than 75 miles away from a doping lab from testing in America. And there are only two labs in America, one in Los Angeles, one in Indianapolis. So I think you can well imagine where the dopeusing athletes will live. Since it's hard to move out of Los Angeles, a lot of athletes got post office boxes in Nevada and Arizona and elsewhere in order to take care of this inconvenience. Now we have the situation in Britain. This is the number one country held up as the bastion of clean sport. They've had random testing going back into the '70s. But they haven't caught anybody. The Americans, with all of the flaws, with a random testing program, with the burial of positive tests and all the things that have happened there, have caught 19 people in the last year and a half. But between 1975 and 1987 the Brits have never caught anyone. Not one. Of course the public became so sceptical they finally scooped up a second rate pole vaulter named Jeff Guttridge and banned him for life and moved on, business as usual.

Now in Canada we do have what appears to be a serious testing program. Our athletes will be disadvantaged internationally, but if so, what can we do to help those athletes? The Dubin Report outlined a number of steps. One was a made-in-Canada support system. In other words, our athletes would be judged by Canadians to decide what their performances should be. But this flies in the face of Sport Canada's position. Sport Canada is the parent group that runs all sport in this country. The other groups such as track and field or swimming or boxing and so on, all answer to this group above them. But the group on top has created all of the standards that the athletes must meet, based on international standards, which we know are drug-inflated. They're caught in a bind where they don't know how to adjust the standards downwards. It's been so long that they don't know what a drug-free performance is. So, we've got a huge structure now, at Sport Canada, where we have 900 federal employees working to administer the needs of 832 supported athletes in this country. Nine Hundred. This was in testimony; 900 officials, 832 carded or financially-assisted athletes. Well the obvious answer to this is that Sport Canada's function could be taken care of by an auditor and four secretaries because the $68 million a year that we spend on sport, should be apportioned among the individual sport bodies.

I'm going to make a case here for Athletics Canada which may surprise you. Athletics Canada is the parent group that runs track and field. Now I remember in 1985, Wilf Wedman took over as President, and he had to file a 400 page report to Sport Canada, telling them how he intended to run the sport over the next four years. But they adjusted his budget every six months. How can you have a four year plan where you don't know what your funding is? So, my solution would be very simple. The funds should be taken on a ranking system based on current rankings across the board and apportioned to the various sports, at all levels. They must indeed police the spending of the money. Now, in sport over the years, Sport Canada has played a police function. They have kept an eye on all those sports to make sure that they are run properly. But clearly that is not a function for the government. That is a function for the athletes themselves, who are in fact the consumers of this supposed product. If an athlete's advisory committee were appointed in every sport, or elected from among the athletes, they could keep an eye on how the sport is being run and ensure the funding system is fair.

Now the carding system, which is to provide financial assistance to athletes, could be run straight from the sports associations themselves, such as track and field. They could decide who within their organization needs funding support. But since it comes out of general revenues they know that every cent they spend there, they don't have available for other projects. They can select who they want to go to the Olympic Games. But they know that for every athlete they select who doesn't really belong, they could perhaps better spend that same money on a development program. It becomes self-policing. And with the kind of revenue we're talking about here, that money could do a lot of good in sport. Many of you run your own businesses. You know what it would cost to put 900 employees in the field. If you assume an average salary of $30,000 which is fairly low, and take administration and other office expenses, you're looking at at least $50 to $54 million of that $68 million right there. So that's a pretty large bite out of any money available. You could double or triple the money available to athletes at the performing level, professionalize the coaching staff in this country, and create a decent income to a lot of the athletes who are trying to do well and judge them by a standard made in Canada among themselves. If we truly do want to change the system, we don't want to be involved in performance-enhancing drugs, then we have to assume that the solution comes from home, and I think that's really the only way to do it. I appreciate your attention for this and hopefully something will happen in the near future. Thanks very much.

The appreciation of the meeting was expressed by Peter Hermant, President, Imperial Optical Canada Limited, and a Past President, The Empire Club of Canada.



March 28, 1991

Donald Lander

President and CEO, Canada Post Corporation

SERVING CANADIANS BY SERVING CANADIANS

Chairman: **Harold Roberts**
President

Introduction:

Honoured guests, ladies and gentlemen;

In a country as expansive as Canada, nothing is more important than the ability to communicate reliably and effectively. The rapid development in electronic communications and especially the Fax machine, have revolutionized the speed of delivery and response to the written word.

And yet, we all still most favourably enjoy receiving a letter in the mail (unless it's a bill). I don't know about you, but if when I get home I find the mail box empty, I wonder if the post delivery person is sick, which almost never happens, or if someone took my mail, again which almost never happens. The reality is, we all value our mail, and not to receive it is to hurt.

As Canadians, we take it for granted. We become angry when strikes or technical difficulties disrupt its flow. And, if it is cut off for any length of time, businesses suffer severely.

In the not too distant past we seemed to have a strike almost on a monthly basis. Businesses failed and Canadians were angry.

Into this situation came a man of solutions and action. His name? Donald Lander.

His background? Business, industry and sales.

He knew how to get a product to market cost effectively. Mr. Lander was born in Oshawa and started work in the automobile industry. He started with General Motors. After serving in the Air Force during the Second World War, he returned to G.M. before moving to Windsor and becoming Chrysler's passenger-car sales manager. He served in various capacities in Chrysler until he retired as President in 1980.

Retirement at the age of 55 was not in the cards for Mr. Lander.

He joined Canada Post in 1985 and a year later he took over as President. His approach was to encourage union consolidation to clean up the process of negotiations, improve equipment to speed delivery and to install a system of evaluation to overcome glitches in the system.

The result has been a much more reliable system that in 1988-89 turned a profit for the first time in 30 years. A great change for the new Crown Corporation.

Canada Post is not perfect. There is still much to be done, but the customers are happier and the mail is more reliable. Mr. Lander has been given a new five year contract.

Mr. Donald Lander, we welcome you to The Empire Club of Canada and invite you to address us now.

Donald Lander:

Thank you, Mr. Chairman and members of The Empire Club for inviting me to address this distinguished audience. It provides me the opportunity to talk about my favourite subject, Canada Post Corporation. It also gives me the chance to thank you, as customers, for your business. It is appreciated.

These are challenging times for Canada and for all Canadians. We once again find ourselves in a difficult recession. Business failures in Ontario have nearly doubled in the past year. We've got double-digit unemployment, yet inflation persists.

We're into the difficult adjustment phase of the Canada-United States Free Trade Agreement. A wider free trade deal including Mexico will soon add a new level of complexity, as well as opportunity.

Governments, especially at the federal level, find themselves hemmed in with little room to manoeuvre. They're burdened with massive debt service costs. Their tax base is eroding. Yet demands for services continue to mount — from an aging population, from a public hungry for education and retraining, and from the poor and disadvantaged in our society.

We are again embroiled in fractious debate over the shape of our country. The uncertainty of the outcome makes investors nervous, adding one more risk to our economic future.

Small wonder that pollsters are reporting that Canadians feel a deep malaise about our country. Many no doubt fear we are at risk of losing our cherished position as one of the wealthiest and most fortunate countries in the world.

While we in Canada are preoccupied with domestic issues, the rest of the world is organizing itself for the 21st century. The European Community is creating a single market for its products and services and is becoming a new world trading force. Everywhere, new technologies, shifting patterns of investment, and trade are bringing major change to our economic environment. It's been said, I think quite accurately, that the world is in the midst of a revolution — one of global competition.

If we, as Canadians, are to protect our way of life, we'll have to get "street smart" fast. The pressures of global competition are closing in on Canada. Although opportunity abounds out there, the business streets of the world have become dangerous places indeed. The unwary and the unwise can get mugged. Not only can you lose your wallet, you can lose your country's prosperity.

The challenges are monumental, in particular for business leaders. For it is business that must lead Canadians safely down these mean streets and into the 21st century. We must create the jobs needed to support Canadian families. We must create the tax base to provide our social programs. We must implement the efficiencies that will keep our prices down and make us more competitive. We must improve our customer service and transform the dismal picture painted for us by Angus Reid's latest customer service poll. Without strong Canadian businesses, Canada will no longer be the country we know.

Today, I would like to tell you a little about the reshaping of the postal business in Canada. I want to talk about global strategies, about research and development, business partnerships, meeting the needs of customers, and about changing to prosper instead of just changing to survive.

I speak as a business person with more than 40 years' experience in business, in Canada and overseas. Yes, even as a business person who has been mugged a few times.

I'd like to give you a quick overview of Canada Post today. We're a $4 billion operation. With 58,000 employees, we're the fourth largest employer in the country. We process 10 billion pieces of mail a year. We deliver to over 11 million domestic addresses and reach every country in the world. Once a laughing stock, Canada Post Corporation is making headway in meeting the needs of our customers and the expectations of our shareholder.

We've learned a lot about corporate reshaping over the past ten years. We took what we inherited from a government department, stripped it back to basics and rebuilt it. We did this because we believe in a postal communications system capable of supporting the business infrastructure of Canada so it can compete domestically and globally. We believe in providing the public at large with reliable and cost-effective postal communications.

Let me take you back a few years to describe how we got to where we are today. The modern Canada Post began in 1981, when the government took fully one quarter of the Canadian public service — some 63,000 employees — and said: OK, Post Office, you're a business. Act like a commercial corporation.

The postal service had become increasingly unreliable. Strikes denied Canadians their postal service for weeks at a time. Annual deficits had reached $600 million, which today would be close to a billion.

Our plants were inefficient. The equipment was outdated, if not obsolete. Governments had always found more pressing needs for their limited resources than investing in capital assets for the Post Office.

The new company lacked infrastructure. Labour relations, purchasing and even a billing system had been provided by government departments.

This new company had annual revenues of more than a billion and a half dollars, but no bank account. It operated from one end of the country to the other, but no-one knew where the mail was at any given time.

Our first task was to build an infrastructure. We hired people from the private sector. We opened bank accounts. We drew up a balance sheet. We created a finance department and all the support services a large business needs.

But most important, we had to start thinking like a business. Words like customer-sensitivity, quality and reliability roll easily off the tongue, but these values are not easily achieved.

They must become part of the corporate culture, something we live day-to-day. Most of all, the values must be meaningful and understood by everyone in the company.

By 1986 we were ready for the difficult job of regaining credibility by proving our service reliability. We standardized operations across the entire country. We forged a mail processing system that had standards, and could be monitored and measured.

We made our people accountable so we both knew when they were doing a good job and when they they were not. And, for the first time, we were able to thank them for a job well done. But we all know the job is never done, because horizons must be expanded constantly for us to be challenged again and again and again.

We demanded that all our suppliers meet our new business standards. In fact, we negotiated penalty clauses to let them know their services were critical to our success.

We hired outside auditors to measure our delivery performance, the first postal administration in the world to do so. The first public report in December of 1987 showed we were delivering the mail on time less than 85 percent of the time. Today, I'm pleased to say Ernst and Young reports indicate that we're nudging 98 percent.

If imitation is the sincerest form of flattery, then we accept the compliment from the U.S. and the British Post Offices who have just hired independent performance auditors to do the same thing.

It's no exaggeration to say the changes we've experienced are truly staggering. We've stood everything on its head, examined every process, questioned every assumption. We had to challenge our people every day. We demanded their creativity and their complete commitment. The process was tough on everyone, from the executive offices to the plant floors. Some left. But most have soldiered on. This is a tribute to the quality of our people. They've done a fine job.

Not only has it been tough on our employees, it has been equally tough on our unions. Some of our union leaders cut their teeth on confrontation. The challenge for unions is to recognize that we are all in business together. If the business fails, then we all fail. If we win as a company, so do our employees and the unions who represent them.

I believe union leaders must recognize that global competition applies to them too. It pits their own attitudes and their abilities against those of the unions of the world.

At Canada Post we had to negotiate flexibility in our union contracts to increase our efficiency and re-establish our right to manage our business. That didn't come easily. It took a strike in 1987 for us to regain the right to tell our letter carriers what types of mail they would deliver on a given day. This had to be done so we could meet our delivery commitments to our customers.

It was a major turning point in our evolution from the mentality of an old government department to a customer-oriented business.

Another corporate milestone occurred in 1988 when for the first time in 30 years we turned a profit.

This year our total volume will hit some 10 billion pieces of mail. That's an increase of 50 percent since our first full year of incorporation — and half of that is in the past two years. Yet we're doing it with 5,000 fewer employees. Our mail processing efficiency increased by almost 5 percent over last year and for each year since incorporation. That compares with Canadian manufacturing productivity increases of less than 1 percent last year.

It means that we've been able to hold increases in the price of basic lettermail to less than the rate of inflation since 1982/83.

Yes, we are making progress at Canada Post. But we feel our competitors breathing down our neck every day, not just in Canada, but from around the world. Our sales force is slugging it out with the courier businesses and the telecommunications companies. Even our basic lettermail is under threat from facsimile machines and new technologies such as Electronic Data transfer. If you've paid any bills lately using your bank machine, you know what I mean.

Competition is getting tougher in Canada and globally. We know because we've gone global at Canada Post in a couple of ways. I am currently Chairman of the Board of the International Post Corporation, which was formed three years ago. It groups 23 of the world's largest postal administrations to ensure competitive distribution of parcels and courier products among Europe and North America and the Far East. We can no longer be restricted by national borders. Federal Express certainly isn't. Nor are United Parcel Services, DHL or Loomis.

To help us beat the competition we have invested more than $1 billion in our company in the last three years. Some of it has gone into new trucks and street letter boxes. About a quarter billion is going into new-generation sorting equipment that is faster, more accurate and more versatile, replacing equipment that is 25 years old.

Before committing to these major investments we established a research and development centre to develop new applications of technology for the postal system. Instead of equipping our postal system with off-the-shelf technology as we did 25 years ago, we went to the manufacturers and told them to build to our specifications. We documented our postal system and then shopped Canada and the world for companies willing to adapt their technology to our needs.

For example, we built a National Control Centre in Ottawa linked with control centres in nine divisions across the country. These control centres are equipped with the latest computer-based technology. They monitor our collection, processing and delivery networks, our transportation carriers, and even the national weather office. We can pin-point the movement of mail everywhere in Canada, 24 hours a day, seven days a week, and ensure that it moves to meet delivery standards.

When word got around to other businesses about our systems, they clamoured to see how we did it. Now through a new subsidiary, Canada Post Systems Management Ltd., we are selling our technology world-wide. We've discovered a huge market out there for the systems that we have put into place over the last few years to get our operations under control. We've closed a multi-million dollar deal with New Zealand Post and we are implementing control systems there. Proposals have been issued for over $40 million to postal administrations in Europe and Central America. It promises to be a profitable sideline, not only for Canada Post, but for our suppliers and partners as well.

Let me tell you about just one.

A few years ago we decided we needed a way to track and trace our Priority Courier parcels and envelopes through the postal system to ensure that valuable documents didn't go astray. We turned to SHL Systemhouse, an Ottawa-based systems integrator. They delivered a track and trace system on time and on budget — a system that helps Priority Courier consistently achieve its 99.7 percent on-time reliability.

Systemhouse used their experience to bid on a trace mail system for the United States Postal Service. They won a $270 million (U.S.) contract — the largest ever won by the company. I'm pleased that we had a part to play in the success of that bid.

A person who is also playing a major part in our turnaround is our vice-president of marketing and sales, Bob Sirois, who is here with me today. Bob has been charged with developing innovative products that the market wants and needs, and with increasing our market share dramatically.

We're structuring our products to be cost-effective and to meet customers' requirements for reliability. We provide different speeds of delivery on a time-price scale. We'll move hard goods, facsimiles, electronic messages or a combination of both called hybrid mail.

Following a recent overhaul of our parcel business, our new expedited parcel service is earning new customers in ever-increasing numbers.

We adopted just-in-time inventory disciplines from the manufacturing and warehousing sectors to support our industrial customers, so they have minimum capital tied up. We work with businesses to show them how to save money and ensure timely delivery by pre-sorting mail and scheduling its arrival at our plants.

With some large-volume customers it's hard to tell where their operations end and ours begin. We work closely to reduce mailing costs and share the benefits through incentive rates and discounts.

Business after all provides 80 percent of our volumes and revenues. In meeting the needs of businesses we are attracting the volumes that support our business and allow us to serve all Canadians with basic lettermail costs that are the second lowest in the industrialized world.

We are committed to building a total postal communications system for the electronic age. Working closely with telecommunications and electronic suppliers, we've built one of the largest data networks in Canada. Remember we move 40 million pieces of mail a day.

Additionally, we're equipped with data transfer capability through an international protocol known as X.400. This protocol allows us to manage electronic mail movement. It benefits customers because it allows us to link their computer technologies with others regardless of the differences in sophistication or compatibility.

We know that the future lies in electronic messaging and that more and more data will be transferred that way, not just between businesses, but from businesses to residences as well. But the future won't arrive all at once. Growth of electronic sending and receiving capabilities will be gradual. At Canada Post, we will be able to deliver in whatever way our customers request.

At many times in history, postal systems have been the users of leading-edge technology. Think of the pony express, the fast mail steamer ships that connected empires spread around the globe. Remember the special mail trains. The Canadian post office first tried air transportation in 1918 between Toronto and Montreal.

And we have to continue to be innovative with the postal system in Canada to meet the communications needs of businesses and individuals, not just during the '90s, but well into the 21st century.

Use of state-of-the-art technology will become an integral part of every successful business. Most Canadian businesses will adapt well. More, I suggest, must.

Necessity leads to innovation in business. I believe there are elements in our turnaround that can provide an example for other Canadian enterprises in search of renewal. Canada Post Corporation is well-positioned to provide the best postal system in the world. Our goal is to provide Canadian businesses with the support they need to be the best in the face of global competition, not just for their own benefit, but also for the benefit of our country.

I am confident that Canadian businesses can compete. They will compete. And they will prosper. Not simply because they can. But because they must.

Thank you again for having me, for your kind attention, and for your postal business.

The appreciation of the meeting was expressed by Doug Todgham, Director of Development, Art Gallery of Ontario and a Director, The Empire Club of Canada.

April 4, 1991 Youth Day

Adam Richardson
Aimee Delman
Kevin James
Jessica Joss

The Hon. Barbara McDougall

Minister of Employment and Immigration

CANADA AFTER THE MEECH LAKE ACCORD — IS THE NATION FALLING APART?

Chairman: **Tony van Straubenzee**
Past President

Introduction:

Good afternoon, ladies and gentlemen and welcome to another meeting of The Empire Club.

My name is Tony van Straubenzee, and I'm not the President of The Empire Club. That distinction belongs to The Rev. Harold Roberts. I'm pinch hitting for him and it's a honour indeed.

Two years ago I asked my mentor, Angus Scott, what he thought about having a Youth Day at The Empire Club — a day when we could hear the views of four informed and concerned senior high school students. He liked the idea, so we called upon our good friend Paul Bennett and he and Mr. Scott put a panel together. It was a great success. So we decided to do it again, only this time we recognized that the one overriding concern on all of our minds is our own country. The students chose the theme "Canada after the Meech Lake Accord — is the Nation falling apart?" To help us discuss this crucial topic we call upon a good friend of The Empire Club, a woman who spoke here almost two years ago today, our Minister of Immigration and Manpower, Barbara McDougall.

Why Barbara? We've all heard her speak before, we've seen her, read about her, in fact you can't get away from her. Two weekends ago at our cottage in the Gatineau, it was pouring rain and my wife started talking about flowers and sheep manure again. So I went into the village and bought the Ottawa Citizen. Now you have to be desperate to make a special trip for the Ottawa Citizen. But, there was a full page story by Gian Hunter on our Minister with several large photos to boot. The article was the usual stuff...does she want to be the next leader of the Conservative Party?...what a great team player she is. A quote from Toronto lawyer Richard Boraks, "she's a warm cuddly lady—and tough as nails." Fine — I enjoyed it and then we got back to talking about gardens and sheep manure.

Last week my broker sent me a package. Hope springs eternal. Here are some tips or recommendations to look after me in my old age? No, it was a friendly note with an article enclosed on guess who? Barbara McDougall. Same article, different pictures this time, full page in the Calgary Herald and that takes some doing with Preston Manning in the old corral.

Two months ago the Prime Minister was our guest to talk about the Allaire Report, and he turned to a number of us and said, "By the way your friend Barbara is doing a great job."

Our guest loves young people, she is young at heart, full of energy, has compassion for people and she talks common sense. She has been an outstanding Minister, handling tough portfolios and, as General Legge said, when he thanked her two years ago, "she follows the motto, Justice with Humanity." Barbara was on the Students' Council at Leaside High School a few years ago. She was Vice President of the Students' Council at the University of Toronto a couple of years ago. Canadians have allowed themselves to slip into the bitching habit, criticizing our leaders in every field of endeavour, complaining about our fellow Canadians, damning one another, pushing for whatever is best for me and not for us, moaning about Meech. It is surely a time to get uplifted by a common-sense leader, a woman who has lived in at least four provinces and has made a success of three careers. In fact the kind of Canadian I wish we all could be — a better role model for students we could not find.

Ladies and gentlemen, The Honourable Barbara McDougall.

Barbara McDougall:

It's always a great treat to be at The Empire Club. Especially when Tony is introducing me, although I always hold my breath to wait for what he's going to say. It wasn't too bad today. I should tell you that the person who said that I was cute and cuddly and tough as nails is someone I don't actually know very well. It just shows that people can say whatever they want when it comes to politicians. Tony, you spoke very highly of some of the academics at our head table and let me just point out, since we're putting in some plugs, that Doug Lougheed also went to Leaside High School. And so there are many of us from our crowd too, who are participating in many ways across the land. It's a great treat for me to be with him today as well.

I'm especially pleased to be here on Youth Day with a panel of high school students to respond to my remarks and make their own remarks concerning the topic "Canada After the Meech lake Accord — Is the Nation Falling Apart?" After all, they will be the ones who have to live with the consequences of the actions that we will be taking over the weeks and months ahead. That will have a permanent impact on their lives and the lives of future generations. I don't know if their speaking here today has made them nervous. They all sound far more experienced than I certainly was at that age, but I did ask someone once, a very senior politician, as I was getting launched into politics, if you ever got over being nervous before you speak. He said, "No, you don't." And he said, "If you ever do get over being nervous, you should quit." So if that's any comfort for your rolling stomachs, I can tell you that I am still among those whose stomach does the same thing. The other thing he told me was just to keep smiling, which people tell me I never do, so we'll try today to set a good example.

Let me begin with the question that we were asked today, and answer the question directly. Is Canada falling apart? No. But it is going through a very difficult time and what seems to be in our country an endless history of constitutional negotiations. Sometimes we should look a little more at our history before we make boldface predictions about our future. I recently came across a very interesting little book. It was written by someone named James P. Taylor. It was published in

1899. And it is called *All the Cardinal facts of Canadian History Carefully Gathered From the Most Trustworthy Sources.* It is a virtual day by day account of Canadian history from Columbus' arrival in 1492, October 12 to be precise, to the publishing of his book in 1899. Twenty-three hundred Doukhobors from the south of Russia landed in Halifax on January 20, 1899, on their way to settle in the Northwest — something clearly of interest to Ministers of Immigration, perhaps not to anyone else.

But we find also that in March, 1868, the Legislature of Nova Scotia passed an address to the Queen requesting a repeal of "So much of the Act for the Union of Canada, Nova Scotia and New Brunswick as relates to Nova Scotia." In other words, nine months after Confederation, Nova Scotia wanted out. Was Canada doomed then? Well, when we read on we find an entry on January 25, 1869, that by an Order-in-Counsel "better terms" were granted to Nova Scotia. The provincial debt was assumed by the Dominion, being increased from the original $8 million to $9.1 million and an annual subsidy of $82,698 was granted to the province for 10 years, being computed from July 1st, 1867. That was our first federal/provincial trade-off following Confederation. And we've had a series of them ever since.

I don't deny that these are difficult times. None of us could. Nor that these are different times with different players and different motives. But I also don't put a lot of stake in pessimistic outlooks. I don't deny that we have some problems, but on an international scale Canada is the finest country in the world. As Minister of Employment and Immigration, I am very familiar with the fact that over 1 million people a year make enquiries at our offices abroad about coming to our country. Canada is seen as a haven for freedom, for justice, for equality and for opportunity. We inside Canada lose sight of that. The people abroad don't see the petty, internal squabbling, the wrangling over constitutional processes and the federal/provincial funding formula. They see what is good and what is great — those who come today, just as our own ancestors did for those of us who have been here for several generations.

Right now there are numerous commissions and task forces travelling around the country, to fathom what Canadians really think about their country, and what they want for the future. Some of that is all over the papers and all over our television sets and as the English writer Samuel Johnson once quipped, “the beginning and ending of all great things is messy.” I can’t believe he said anything that inelegant, but I’m assured that he did. Democracy gets very untidy. It is indeed a very untidy process, because it consists of a lot of voices. But that is the way we are. We are democratic. And that is the way we will continue to be. Unfortunately, too often, we hear a repetition of many of the old bitternesses, the old rivalries, the old prejudices. But there are a number of interesting proposals being put forward as well. And somewhere out of that, we will find the harmony and the consensus that has helped us grow and prosper for the past nearly one hundred and twenty-four years. And that harmony, the consensus, begins at a very personal level. It’s not just something that happens at the national or international level. It happens every day in our lives. It happens by accepting differences of problems among us, by accepting changes, by accommodating the views of others and, most of all, by accepting reality.

Quebec has always been a special jewel in the Canadian crown. Its distinctiveness has always enhanced us as a nation. And yes, Quebec is different. It has been from the time the very first documents were signed, I believe in 1763. Quebec is an island for francophone culture, not only in North America but, outside of France, in the Western world. And within Canada we have respected those differences. We have protected them. But let’s also acknowledge with our friends in Quebec and other fellow Canadians that part of our strength as well, is in our common fundamental values and principles. Tony referred to the Prime Minister being here. He spoke eloquently then and the following day in Quebec city concerning our country. He said, "As a government we will not allow short-sighted political opportunists to effect the break-up of our nation... I begin from the premise of a strong and united Canada. We have every intention of working with Canadians, to restructure Canada. We have no intention of dismantling it."

Any negotiation is not merely a paper exercise, a reconciliation, a balance sheet. This is what you get inside the country, this is what you'll get outside the country. We must also reconcile the hearts as well as the minds of Canadians in Ontario, in Quebec, in the West and the Maritimes. It means, for example, providing adequate recognition and involvement for Canada's aboriginal people. This inclusion in the re-confederation process was part of the native agenda that the Prime Minister announced last September. We must also deal with the question of Western alienation as well as finding permanent solutions to the structural economic problems that have resulted in certain regions of Canada being permanently disadvantaged vis-à-vis the rest of Canada. In fact, there are many regions to be heard from and there will be special interest groups as well that will be heard in this discussion. But one caution that I would offer to all of them, as well as to ourselves, is that they must legitimately represent the constituency that they present themselves to represent. And they must look beyond the needs of their own particular interest group to the greater good and betterment of our country. All of us must get involved in that discussion again.

Going back to our history again, there are some similarities between what's going on in Canada and what went on between 1864 and 1867 after the Charlottetown Conference and before the signing of the British North America Act. In 1864, the politicians who signed the final document at Charlottetown and took it back to their colonies, to their communities, were called opportunists. They'd sold out their particular colony to those scabby people in Upper and Lower Canada and they hadn't listened to the people. But those politicians persevered as we are going to do. And who were those leaders? Well, we know that one of them was Sir John A. Macdonald. We may have forgotten that the other was Sir George-Étienne Cartier. And, interestingly, Newfoundland was at the conference too and it chose then to stay out. But those leaders persevered and ultimately they won. And they encouraged Western colonies and regions with sometimes more acrimonious discussion. Aren't we fortunate that the leaders of all those colonies had the vision in the end to come together.

Today we have an opportunity that didn't exist so easily then. An opportunity for all of us to become a part of this, to be involved. What do we need to build this country? What do we want? What are we prepared to give up for each other in order that all of us may share? Whether it's under the auspices of the Spicer Task Force or any of the other groups that are visiting the country and profoundly trying to find a new solution, or through our own direct links through other branch offices of the firms we work for, or through other people that we know in other schools where we may participate in athletic competitions. We here today are no greater or lesser than our forebearers. They had dreams. We have dreams. They had obstacles. We have obstacles. They had their builders and they had their nay sayers. We have those same forces amongst us. We have one thing, though, that they never could have imagined. We have the living proof of a country whose richness has increased day by day, person by person, family by family, region by region, to testify to the greatness and the prescience that those leaders had.

Now it's up to us. We cannot lose our own moment in history. In the months ahead we will hear an avalanche of principles, proposals, propositions, prospects on constitutional reform. But there are some fundamental principles. And the Prime Minister set those out when he spoke here on February 12th and when he spoke the next day in Quebec City. When we talk about the various proposals and assess them first, will they lead to a more prosperous Canada? Second, will they produce a more efficient federation and a more competitive nation? Third, are they fair to all Canadians? Do they respect our diversity? Fourth, are they practical? Are they doable or are they pie in the sky? Fifth, do they protect our national standards, for example, pensions and health care? Sixth, will they move decision-making closer to the people? Other voices and approaches must be encouraged. And finally, do they safeguard the rights of all Canadians wherever they have come from and whatever part of the country they live in?

In the end, the answers will come from all of us. From the people like those in this room. It's too early to determine exactly what will be the process of negotiation and conciliation. But we must give these issues the attention that they deserve. It is the future of our country that we're considering. I believe that democracy, untidy as it is, is alive and well in Canada and I have faith that we can develop a process for a consensus that will keep this country strong and united. We are a country that has been independent and proud and united and prosperous for a hundred and twenty-four years. And we will ensure as leaders of our country that you have the opportunity to pass this heritage and tradition on to your children and to your grandchildren and to all those who will come after.

Adam Richardson:

It's an amazing fact of our world that history repeats itself. For all the people telling us that we must learn from the past, we still somehow manage to get ourselves into the same disastrous situations, in slightly different ways. In the late '70s, our country found itself in a dire situation. We were in the grips of a major recession. Confidence in the government was low and people were confused. And the question of Quebec independence was asked, as Quebec's confidence in Canada failed. A decade later we find ourselves in an eerily similar state. Confidence in the central government is low, the economy is slipping, and yet again Canadians of all faces ask for satisfaction. Again the people of Quebec, fed up with confused national policy, full of blunder and little future, seek a new referendum on independence.

In 1980 it took the resolute, confident voice of Pierre Trudeau and his strong moral support among Quebecers to save Canada. The newspaper clippings of the times were similar to those now. Many asked "Who will speak for Canada?" "Who is speaking for Canada?" What Canada needs now is someone who will lay down the facts, a negotiator who believes in a strong central Canada and strong central government. We need to stop politicising and give to all Canadians what they desperately ask for — a plan, the choices, and a place to bargain. At a time when a Canadian voice is needed, the central government is doodling and hiding. They must speak now or lose Canada. They must take a stand and then must present this stand to all Canadians.

Now is the time to present the options to plot the course of Canada. We must move now to closely analyze the requests of all who demand change in Canada. We will find that these requests can be met while making Canada stronger and not destroying Confederation. Quebec's demands stem from emotion and a strong conviction to protect Quebec culture. Thus we should give Quebec some further cultural leeway, so long as the Charter of Rights and Freedoms isn't violated. And we should also move to recognize Quebec as a distinct society within Canada, while realizing that others in Canada also deserve this title. We must prove to Quebec through understanding and action that their culture is both welcomed and cherished in Canada. The West asked for equal representation. They want to be partners in Confederation. This can be achieved through a provincially elected or appointed Senate, with equal representation from all provinces. Guarantees of equal representation on other federal bodies can also further the voice of the West in Canada.

Rather than splitting Canada into ten different countries, with ten different policies, we must work to solve federal/provincial problems through a strong central government with equal provincial representation and protection. Rather than giving away power, we need only have more communication while policy is implemented, ensuring all provinces have a voice in federal policy. Canada is in dangerous water now, for we find that in a crisis we are stuck with a federal government no one likes or trusts. A system to hold government responsible must be constituted. And the people of Canada must be better able to voice their opinions. Now that Quebec has indicated it has its ears open, it is time for a strong voice to call for renewed negotiations, constitutional reform, and the future of the nation.

A priority is that we meet the needs of Canada's first nations. Let's cut out the politicking and give these people their land and self government. In order to retain a national identity, the government must stop deconstructing Canada. We must continue to support Canada's common media such as the CBC. The media can be used as a powerful tool for unity. We must stop cutting the social programs and the services which Canadians hold sacred. And we must also make it an advantage, not a crutch, to do business in Canada. It is time for Canadians to speak out for Canadian unity. It is time for the Federal government to set the agenda, to talk to the people and lay down the cards. It is time to bargain, compromise and solve. Now, finally, we must learn from the past. We must embrace the federalist vision Pierre Trudeau used a decade ago to save Canada. It is our turn to be the voice of Canada. Thank you.

Aimee Delman:

How many of us sitting in the audience today feel equal to the task of reshaping our country? Are we up to the challenge of finding a way out of the current dilemma we are in, concerning Quebec's prominent desire for sovereignty? Are you feeling the Belanger-Campeau reports have developed an increased sense of drama equal to that recently witnessed when President Bush made it impossible for Sadam Hussein to say "Yes. I'm pulling out, just give me room." Are

Canadians feeling uncomfortable with both Prime Minister Mulroney and Premier Bourassa? When are English Canadians going to wake up and deal with the national crisis of frightening proportions. A day of reckonings put on by an upcoming provincial referendum on sovereignty will soon be upon us.

It is clear to me at this time in my life that the contemplation of profound federal changes by our country is a very serious business. It dwarfs the issues of Free Trade, the GST and recession. Do the majority of Canadians, from Pacific to Atlantic, want a long acrimonious divorce? Instead are they capable of the effort and hard work necessary to find a viable solution. If we are willing to accept the challenging problem concerning the uncertainty of a future Canadian union, then we are one step closer to working towards a solution. We must attack the apathy Canadians feel towards the issue of national unity. Existence of apathy makes worse an already fragile crisis. A fresh accord can evolve from the concept of Meech Lake.

Since Confederation, Canada has developed a renewed and deeper awareness of itself. The opportunity for a new constitutional accord would enable a mature Canada to take with it a sense of confidence and self-assurance into its future. Let us develop an accord which will focus on and redefine Canada's social contract, multi-cultural fabric, native recognition, substantive development and economic viability. Surely, if you have been following the media coverage of events since Meech Lake you will have recognized that our country is not lacking the expertise across all walks of life needed to get this job done. Equal to the challenges we face, we must recognize that Quebec has always been a distinct society within Canada. Allowing Quebec additional room and greater opportunities within Canada should lead to a positive burst of energy and accomplishment, giving Canada more fuel for its future. Any province that is self-confident of its abilities and its worth should be willing to be a part of the future. We must demand from our elected officials that they will attack the problems diligently, bringing solutions to us so that citizen groups can negotiate an accord that has longevity, strength and foresight, to endure a challenging Canadian and global future.

The glue that will solidify this renewed federalism needs to go beyond constitutional reforms. It must come from a new focus and direction in education. Our schools must develop a student with a strong sense of identity. A student exposed to a curriculum filled with past and present Canadian history and issues. Canadian studies must be available from the earliest years so that we can begin to see Canada's needs beyond provincial and regional boundaries and biases. A sense of pride and patriotism developed early will lead to greater compassion, understanding and cooperation on a national level.

Can we be confident that our Canadian family will not opt for the acrimonious divorce? Are Canadians ready and willing to develop creative change rather than face a seriously reduced economy limiting our abilities to compete in the new global market? Are we willing to give up our G-7 membership and influence that goes with it? Do we wish to dismiss our union, only to watch as our sovereign provinces become grafted onto the United States? Are we willing to risk our favoured position throughout the world, because we will no longer be perceived as a nation able to resolve our national crisis, a nation of strength? The urgent challenge to all Canadians who wish to live in a unified, vibrant and authoritative Canada in the future, is to rise above indifference and impartiality. Something is missing in the solution to our national crisis. Let us demand that our leaders and fellow Canadians bring a new energy to a non-partisan national involvement. It is time to fill the void or the true void will be the gap once filled by a nation called Canada. Thank you very much.

Kevin James:

We have heard that Canada today is on the brink of crisis. But I also believe that our country has an unprecedented opportunity for change for a radical and necessary restructuring of our entire federation. We welcome this opportunity for change because we have seen, with the defeat of the Meech Lake Accord, that the old system has failed us. It has failed us because it did not involve us. It has failed because no federal leader has had the courage to embrace genuine reform. And because Canada today cannot operate under the same system and with the same institutions as at the time of Confederation, 124 years ago.

In 1867, the Dominion of Canada encompassed only four of our provinces today, with Ontario serving as its westernmost region, and Nova Scotia on its eastern border. The act of Confederation was not ratified by the people. Instead it was submitted to the colonial legislatures for approval. The terms of Confederation therefore did not receive a formal popular mandate as they should have. Any new constitutional process must provide for direct popular consultation. Another legacy of Confederation was the unelected upper chamber created to defend the country's propertied interests. The Senate has no legitimacy today in the eyes of the people. We want it abolished or changed. Our constitution continues to recognize only English and French communities as Canada's founding nations, excluding its aboriginal people. It does not recognize the new character of Canada's essential compact, one that today has evolved to embrace regional and ethnic diversity. The Meech Lake Accord failed because it offered only a limited decentralization of our federation, based on Quebec's agenda and not the needs of our provinces. Today we require an extensive re-distribution of powers to all our provinces. The time for far-reaching and genuine reform is now at hand.

The involvement of the first ministers in the constitutional process erodes its legitimacy and subjects it to the myopia of elected politicians. I recommend that a constituent assembly be struck including members of Canada's legislatures, aboriginal peoples, representatives of the North, of women's and multi-cultural groups, of farmers, big business and trade unions. Let them draft a new constitution for Canada, setting their sights on Canada in the year 2020. Let the assembly critically examine our political system and federal framework. Does Canada still require a Governor General, or does that office, a vestige of British Imperialism, serve only to alienate our French-Canadian compatriots? Does Canada require a Senate? Should it be abolished immediately or reformed to provide for equal elected and effective representation of our regions. The constituent assembly would have the mandate to respond to these and other questions.

I foresee our Country in the year 2020 as a federation of semi-autonomous provinces with greatly increased legislative powers. The federal government would serve as a guarantor of equalization payments, setting policies only in the jurisdictions of defence, trade and revenue, foreign relations and the environment. A decentralized federal system recognizing each province and region of Canada as a distinct society, is the most reasonable alternative to centralized federalism which is no longer relevant to today's political realities and exigencies. This so called condominium model of federation provides for provincial autonomy and domestic policy, while acknowledging an important role for the federal government in regulating external concerns. It provides for a union of equal and autonomous provinces within a federal framework. The political institutions, the terms of federal union and the distribution of powers which served Canadians well for over 100 years are failing us today. Let us greet the constitutional discussions of the months and years ahead, not with fear, but with enthusiasm for change. Let us call upon the federal government to convoke a constituent assembly to deliberate and draft a new deal for Canada, neither deriding nor dismissing any position however extreme. Then let us decide in a national referendum to accept or reject that constitutional proposal. Our generation has the mandate to continue the process of constitutional reform. We are prepared to think creatively and act boldly in fashioning a new Canada.

Jessica Joss:

I have heard people say, "I'm not anti-Quebec, I am pro-Canada." Je ne suis pas contre le Quebec, mais je suis pour le Canada. Nous sommes tout des Canadiennes. We are all Canadians. As we embark upon a period of national reconstruction we each develop our own vision of Canada. My vision of Canada is that with a determined central government that will pass by the Quebec independence movement and keep our country together; an effective Senate that will truly represent the diverse cultural identities of Canada; a Canada that stretches from coast to coast with international influence and respect gained from making nationhood work for its citizens.

We often think of Canada as a regionally diverse nation, but the common ties far outweigh these diversities. Deep down we are all Canadians first. Among the elements of our national pride, we must have pleasure in realizing that we respect multi-culturalism. Once immigrants become Canadian citizens they are not expected to relinquish their heritage. This contributes to the Canadian uniqueness as a first multi-cultural nation of the 21st century. Pardon the cliché, but "we have no melting pot here." And we should not. In order to maintain our stew, each element or ingredient, a region, a province, a cultural group, or single citizen, must be willing to donate a little so the recipe is successful. We must all give a bit to keep Canada the great nation it is and should be. Because Canada is a country that is a mélange we have to realize that different components of the population will have different views and concerns.

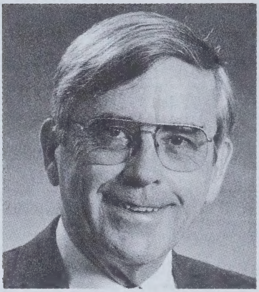
Depending upon your background, your education or your occupation, what you view as an element of great importance will vary. Because of these varied opinions we need a strong federal government to harmonize the diverse and conflicting interests. This government should not be impotent. We must allow it enough power to manage our country effectively. By defining the jurisdictions of both provincial and federal levels very precisely, we can avoid overlapping which can lead to conflicts. The national government should have total control over matters that relate to external affairs, including in this category not only foreign policy and defence but also immigration. A province should not set its own immigration because that does not keep a country strong, that merely contributes to the diffusion of national identity, a feeling which is responsible for helping to keep the country united. Having a solid central seat of government gives a focus for our loyalties for a country that is so spread out — a central beacon of leadership. By following that light we can remain a strong and united country as we will be working towards common goals.

These communal targets are defined by the mandate given to the party that has been elected. We have to give them the right to implement the platform they ran on, because they were the choice of the majority of the electorate. Then, the voice of the majority of people having been heard, their mandates and wishes can be fulfilled by a strong federal government. But to counter-balance the national tendencies we need a second political entity. A check and balance system. If the legislative agenda being followed by the federal government is insensitive to regional or ethnic interests, the Senate is the place to overcome that problem. By creating a Senate which is regionally divided, the interests of each region are protected. I see there being six logical zones; the Maritimes, the Territories, the Prairies, Ontario, Quebec and British Columbia. Each region should be equally represented so that their interests are fairly looked after.

It is quite simple to change the Senate to effectively take care of geographical regions but we must not forget the cultural and ethnic interests. The Senate is the perfect forum to address emerging needs and cultural challenges. We must consider Quebec, English Canada, the first nations and the cultural groups who arrived later. Once the Senate's voice has been made effective, we must make it productive and see to it that it is gainfully occupied. Instead of having Senators appointed as partisan favourites, why not narrow the list for the Prime Minister to choose from — an idea borrowed from Meech Lake. If each Premier submitted a list of candidates the Prime Minister would have a more select group to draw from. In the zones, the representation would be equally distributed amongst each province and territory involved. A revitalized Senate with strong cultural and regional voices would have the elements needed to effectively counter-balance the Lower House.

We need all the provinces and the regions with the similarities and differences to make Canada the nation we proudly call home. We must all work together and compromise to keep Canada united with or without Quebec's consent. We cannot stand to lose one of our integral building blocks which has contributed to make Canada the country it is today. We must not let our country be divided and we must work strongly to negotiate for that cause. The federal government must set a realistic time-frame to counter the 1992 referendum and it must establish a special parliamentary committee in which all parties should equally carry the burden of maintaining Canadian unity. With a strong federal government and an effective Senate which fairly represents each region, Canada would have a potent institutional and administrative base with which we could commonly seek a progressive future. With concerned, cooperative and dedicated provincial, federal and regional representatives whose mandates are affirmed by the populous we could achieve the international esteem we as a great nation deserve.

The appreciation of the meeting was expressed by Angus Scott, Executive Director, Canadian Parks and Wilderness Society and a Director, The Empire Club of Canada.



April 11, 1991

Edward T. Pryor

Director-General,
Census and Demographics, Statistics Canada

VIEWING OURSELVES IN A WORLD PERSPECTIVE: THE KEY TO SUCCEEDING IN THE 1990S

Chairman: **Diana Chant**
Treasurer, The Empire Club of Canada

Introduction:

Humorist Stephen Leacock once wrote: "In earlier times, they had no statistics, and so they had to fall back on lies. Hence the huge exaggerations of primitive literature — giants or miracles or wonders! They did it with lies and we do it with statistics; but it is all the same thing."

In Canada, the task of collecting comprehensive economic and social data falls largely to Statistics Canada, the nation's central statistical agency. Under the 1971 Statistics Act, the Agency has the responsibility to "collect, compile, analyze, abstract and publish statistical information relating to the commercial, industrial, financial, social, economic and general activities and condition of the people of Canada."

In practice, Statistics Canada collects information on Canada's population, labour force, economic life, education, housing, transportation, and social and cultural life. The Agency then compiles and analyzes these data to produce a myriad of information products for corporate, government and individual uses.

As pointed out in the Agency's 1990 Annual Report, all Canadians are affected by Statistics Canada's information and publications in one way or another. Many use it in their daily work. Governments use it to develop policies and programs and to target Canadians with particular needs. Businesses use it to research their markets, to confirm their corporate strategies, to plan expansions, and to prepare for changes in the labour market. Academics use it to carry out research and to analyze trends. And, most visibly, the media use it to report on news — news that uncovers and reflects the changing dynamics of Canada's economic, social and cultural life.

Every year, Statistics Canada conducts hundreds of surveys and studies. Turning these "raw" data into useful and accessible information products is an immense and complex task requiring the contribution of experts from virtually every discipline. To manage this task, the Agency organizes its programs into six fields; one of these fields focuses on programs describing the characteristics and activities of Canada's populations, and the impact of social and economic change on individuals, households, and public institutions. This field includes the Census and Demographic Statistics branch.

The first census in what is now Canada was organized in 1666 by Jean Talon, the Great Intendant, responsible for re-organizing New France. Two centuries later, at the time of Confederation, the British North America Act was enacted and included a provision that a census be taken every ten years to determine representation in the new Parliament. In 1905, quinquennial censuses of the prairie provinces became obligatory but it was not until 1956 that the first national quinquennial census was conducted.

The Empire Club's speaker today, Edward Pryor, has managed the census of Canada for a number of years and is currently in the midst of preparation of the 1991 census which will take place on June 4. The quinquennial census is a vast undertaking, covering more than 26 million people. In 1991, Statistics Canada will enlist more than 40,000 temporary staff to collect and process information from 10 million households.

According to Dr. Pryor, the development of the "global village" has eliminated the isolation of individual countries and has led to a greater demand for comparable and detailed international data on social, demographic and economic issues. Dr. Pryor has suggested that this pressure for new information has strengthened the need for census data and has made Canada a building block in the world census system. Countries around the world are equally concerned with such issues as aging, family change, poverty, migration and immigration and the rise of ethnic consciousness. According to Dr. Pryor, with the trend towards the development of a global village, census information collected from all countries will be crucial if we are to succeed at solving demographic and social issues.

Dr. Pryor received his doctorate in sociology and demography from Brown University in Rhode Island. He has taught at several universities including the University of Colorado, University of Hawaii and the University of Western Ontario where he chaired the Department of Sociology from 1968 to 1972. He has also been a consultant to the federal government, the Vanier Institute for the Family and other organizations. Since 1973, Dr. Pryor has held a series of management positions at Statistics Canada.

Dr. Pryor is a member of various professional associations and continues to combine research and management with many presentations over the years to a wide variety of groups and associations across Canada, in the U.S., France, India, the U.K., China and other countries.

The Empire Club of Canada is very fortunate to have Dr. Pryor as our guest speaker today. In deciding on the topic for today's address, he declined to use as his title Lord Moynihan's adage that: "Statistics will prove anything, even the truth." Instead, Dr. Pryor will address us on the topic of "Viewing Ourselves in a World Perspective: The Key to Succeeding in the 1990s."

Please welcome Edward Pryor.

Edward T. Pryor:

Thank you for inviting me to speak to you today. A lot of people are touring around the country these days trying to get a handle on the definitive view of Canada — and in some ways, I am one of them. I, too, share some serious concerns about where we are going. I'd like to share with you two very different perspectives on the country that I recently experienced.

I have a friend in Vancouver who came to this country as a student from Shanghai in 1988. After the uprising in Tiananmen Square, he was granted permission to stay in Canada, and now calls that west-coast city his permanent home.

It wouldn't surprise you, I'm sure, to hear that my friend works seven days a week in a Chinese grocery store. Already, he works most evenings as a waiter in a Korean restaurant.

He drives a nice car, has a good address and has paid off all his student loans — with interest.

Last summer, when you couldn't pick up a newspaper or turn on a television without hearing about Meech Lake, I happened to be visiting my friend and I asked him what he thought of the debate. It might surprise all you readers of "The National Newspaper", that he had never heard of the constitutional discussion that centred in Ottawa that summer. His concerns were: work, and bringing his family to Canada to share this good life with him. For him, Canada was the place to marry and raise his family with chances for a better future. He has the new immigrant's micro view of the country.

In contrast to my friend, I was struck by the views of a class of Ottawa high school students when they were asked what they thought the most important issue facing Canada was. These were gifted students from privileged homes in a city that the media likes to call fat with advantage. What did these young men and women think was the most important issue facing Canada? The environment, they said. How will we share the limited resources of this world with all its inhabitants? Their view of Canada spread out beyond our geographic borders.

In recent months, you have had speakers come before you saying that we must change our vision of Canada. Today, I have come here in my capacity as a demographer to tell you that if our vision **must** change, it must be to look up — and look out beyond our borders. The way in which we view the world must increasingly account for the impact we have on our neighbours and in turn, the influence they have on us. While we as Canadians have spent a generation tending our home fires — and perhaps concentrating on our domestic squabbles — our neighbours in this global village in which we live have been building highrises just outside our gate. The shadows they will soon cast will change the way we live forever.

Recent activities in the Middle East have shown how easily and dramatically Canada can be affected by world events. Communications are so immediate that it is possible for us to know in an instant how our neighbours are spending the night on the other side of the globe. It is no longer enough to develop an understanding of Western alienation or Maritime isolation or — of course — of Quebec, and consider ourselves well-equipped to plan for the future of ourselves and our children in the context of Canada. If we are to survive — if we are to prosper — we must begin to view ourselves and our concerns as Canadians in a world perspective.

We already have the mechanism in place to focus on the world scene. The census data base we have built in Canada since 1666 is a national treasure of crucial information on changes and trends fundamental to understanding world society and our place in it.

Our Canadian census is already part of a global information system. Globalization of markets has led to a significant increase in demand for comparable international data. With the globalization of data, especially census data, Canada is one building block in the world census system.

As we prepare to collect the 17th census since Confederation this coming June 4, it is clear that no Star Wars alternative has emerged to replace this way to gather data. In an age where we can watch high technology weapons practically choose specific buildings and knock before entering, it may come as a surprise that the most efficient way to collect basic details on every man, woman and child is still to raise an army of census-takers and turn them out into the streets with questionnaires. It is a system that allows us to reach every single household in the country — regardless of how remote or how loosely defined. Census-takers can follow-up with people personally while still categorically guaranteeing the privacy of each respondent. The result? The census produces a collection of data that is representative of all Canadians — and to which everyone has been invited to contribute. No survey, no public- opinion poll, no royal commission can make a similar claim.

The way in which a census is conducted in Canada is a very efficient method. The pressures for new types of information, for increased quality, applications of census data to various issues, and the demands for societal analysis have made keeping the census in a static state impossible. The census is a crucial, current and relevant part of our statistical system and that of countries around the world.

In preparing for our next census on June 4, we heard of demands for data far beyond what the census can presently yield — or perhaps any current source can provide. We heard of the consistent desire for a detailed set of integrated social, demographic and economic data network, comparable across our vast country, available at every local geographic level. And, most important, a set of data capable of answering thousands of various questions regarding our people, our families, and our communities. The demand for more and better information is — I think — limitless.

In turn, the census around the world — in almost 200 (198) countries — is fundamental for addressing many issues that are no longer unique to one country. The kinds of issues which worry demographers and keep government policymakers searching for solutions are shared by countries in many different states of development.

For example, aging, family change, poverty, migration and immigration, and the rise of ethnic consciousness are issues shared by countries as diverse as Canada and the Soviet Union, or Japan and China, or Australia and France, and others.

Economic interdependence defines the late 20th century. Advances in microchip development are no longer confined to a single laboratory, much less a single country but are spread throughout the entire scientific community. No one country can control communications any more. In fact there are few areas that I can think of — law, medicine, investment, research — in which sovereignty or national boundaries have much meaning. In the same way issues of population growth and demographics cannot be ignored as if they stopped at our national border.

The size of a country's labour force is as important as buying power in defining its economic well-being. Aging and low fertility bring on staggering economic dependency. Within 10 years, 100 German workers will support 31 elderly dependents. The same number of workers in Singapore will support only 13 seniors. While low fertility may have boosted living standards in Europe and North America in the short term, it will contribute to declining prosperity in the future unless there are very substantial gains in productivity.

When we look at the world population by broad age groups, North America and Europe and to some extent the U.S.S.R. have populations older than the rest of the world.

Today, almost 3 out of 5 people live in Asia and of that number, 61 percent are aged 15 and under. At the same time, less than half (46 percent) of the aged population is in Asia. Generally, using the world's censuses as the basis, the next obvious question is to ask where are we heading, or more accurately, what do we project future world population to be and what will its effect be on us?

Before the turn of the century, the world's economically active population (aged 15 to 64) is expected to grow by 389 million or 16.5 percent, according to the International Labour Office in Geneva. Of that total, the projected increase in the number of Asian workers will equal the number of people living in the United States today (224 million).

In contrast to Asia's growth, Europe will add fewer workers than live in New York City. Only 6 million more Europeans will enter the labour force during the 1990s — an increase of 3 percent.

Half of Europe's new workers will come from Eastern Europe — which will present severe implications for Eastern European countries. The number of economically active people from the affluent Western European countries will actually decline by 700,000 — more than the size of North

York. In fact, Germany's rapidly aging population will cause it to lose 2 million workers within this decade.

Where the world's population is heading can of course vary considerably — depending upon when we assume the two child family arrives. But whether that norm is reached in one generation or more, the world's population could still be between three and nine billion more people in 2060 than today. We all should be concerned about these potential developments since the generations around us will provide the inheritance for those living a century from now.

The differences in projected growth by world regions are phenomenal. Within a generation, the population of Africa is projected to grow by 184 percent — notwithstanding current political, military and social upheavals. Combined with the growth projected for Asia, the growth in the world's population to 2025 will be more than 8.5 billion as compared to 5 billion today. Asia's population alone will be equal to the total world population today.

Do we really have a world perspective on the coming issues of population growth — from which we will not be immune?

The population of the world is growing by 95 million people every year; that's three times the size of Canada in a 12 month period, over 260,000 every day. In the time you will hear me speak today, the world's population will increase by over 6,000 people. Why is this considered to be a non-event — relegated to the very back pages of our newspapers? Because it is viewed as a chronic condition of a world faraway. Surely, we convince ourselves, these issues have no impact on our lives here in Canada.

But they do. And increasingly, they will. This kind of unprecedented growth — 3.5 billion people in the span of a generation — is one of the most crucial events in the history of our life on this planet. It affects the economy, the environment, concepts of nationalism — and even Canada, in spite of our perceptions.

Let's look at an example. Obviously, the entire world's population will age, but again with great variations by region. In North America and Europe, 20 percent of the population will be 65 years of age and over while in Africa, the number will be less than 4 percent by 2025.

Here in Canada, we felt the first chill of an aging population when the last census told us that more than half our entire population was over 30 years old. The population aged 65 and over grew from 1.4 million in 1961 to over 2.7 million in 1986 — a growth rate twice that of the population as a whole. The increasing size of our dependent senior and elderly population has disturbing implications on the demand for health care in a government-subsidized system; for pension plans and mandatory retirement legislation when the labour force of young people is shrinking. By the very fact that we cannot stop the clock, we are looking at our own future. And wondering how we will pay for it.

How will financial and social support be provided for a world population in excess of 900 million people aged 65 and over when the workers required to provide that support live in third-world nations and the resources, the technology and the prosperity remain in the developed world?

Low fertility and aging populations have implications on more than just world population distribution, but on the environment, and world health. If there is a crystal ball that can reveal some of these effects, it is, of course census-based.

As a country born of two founding nations, with an aboriginal population calling for greater recognition and with the cultural legacy of a hundred years of multi-cultural immigration, the average Canadian can be excused, I think, for assuming that ethnic issues are as unique to this country as maple syrup and the musical ride. However, you've been hearing enough about ethnic groups living in the Soviet Union wanting more autonomy and rights to self-government to know that ethnic issues are a world phenomena.

According to 1989 census data from the U.S.S.R. there is a long list of ethnic groups in the Soviet Union trying to assert their independence within the Soviet society. Perhaps even a year ago, you might have asked if ethnicity were not a dead issue in the Soviet Union — with the various nationalities united under a single flag and economic system. However, today I can simply read a list of names you have heard in virtually any news report over the past 12 months — such as Ukrainian, Azerbaidzhani, Armenian, Lithuanian, Moldavian, Latvian, Estonian — and you would immediately recognize a legacy of ethnic struggle for recognition and respect.

In fact, the 1989 Soviet census emphasized Russian is only one of many nationalities or ethnic groups within the Soviet system. As a percentage of the total Soviet population, it has been declining since 1959 and is close to becoming a minority.

What does this mean? It is clear that ethnicity as an issue never died in the Soviet Union and has come back in full force. Perhaps the emergence of Glasnost has greater political and symbolic significance when viewed within the demographic consequences of the impending decline (51 percent in 1989) of ethnic Russians to a minority within the Soviet Union.

In fact, ethnicity is arising as an issue around the world whether it is the Soviet Union, Yugoslavia, Romania, China or the United States and we have certainly heard of the issue in the development of the 1991 census of Canada.

We don't focus on ethnicity too often in Canada despite its world significance. Perhaps it is because of our conciliatory nature as Canadians that we often choose to down play an issue that invokes such strong — often conflicting — feelings.

But Canada's two founding ethnic groups have always been polarized by size and geography and—according to the census—there is no long term indication that this will change. The increasingly multicultural base of our country can be a source of consternation for those sectors of our society who see themselves in increasingly minority positions.

Looking at Canada in general, we find a very dramatic transition in the ethnic composition of the country. French was replaced as the second largest single ethnic group by non-French/non-English Canadians during the 1970s. In the 35 years — only a generation — between 1951 and 1986, the population of this country has changed dramatically. Canadians of British extraction have declined from 48 per cent to 43 per cent of the population; the French have dropped from 31 per cent to hover near the 25 per cent mark. But those Canadians of neither French nor English background have increased dramatically — rising from only 21 per cent to 32 per cent of the population in 1986. Therein lies a story I must save for another time.

In Quebec, French ethnicity held its own at about 80 per cent between 1951 and 1986. On the other hand, the decline in English ethnic proportion in Quebec has not been replaced by francophones, but by other nationalities or allophones. This ethnic redistribution will no doubt be a new challenge for Francophone-Quebeckers who are concerned with their linguistic and cultural future.

What is the demographic future for Quebec within Canada? The population of Canada is presently growing at an annual growth rate of 1.3 per cent. Looking at that growth rate by province and territory, it's clear that this growth is not country-wide. Continuing a long-term trend, Quebec grew at less than the national average and has been falling behind the growth of the rest of the country since the early 1960s, despite the recent economic incentives in Quebec trying to raise fertility.

Immigrants gravitate to Ontario, Alberta and British Columbia. In fact, between 1951 to 1987, Quebec has not been able to attract its share of Canada's immigrants needed to sustain its demographic position. And, although there have been some distinct ups and downs, Quebec has consistently experienced a net loss of people through interprovincial migration as well — French as well as English-speaking

Quebeckers have left the province in greater numbers than have moved to the province since 1976.

In the next 20 years, if Canada maintains an average annual growth between .5 and 1.0 percent, Quebec's share of Canada's population is projected by Statistics Canada to drop from a current 25.5 percent to somewhere between 24.8 and 23.8 percent, continuing the long-term reduction in Quebec's population share within the Canadian context.

From these examples, I've tried to make it clear that demographic data in general and census information in particular provide a blueprint for the way we live and are fundamental to our understanding of societal issues. Whether from a Canadian view point or a much broader global or world view, seeking solutions to the issues of population decline, immigration openness or restrictions, the situation of francophones, incentives for fertility, the demographics of retirement and pensions, gender equality, and ethnic change, among many others, require census information.

The national census increasingly has an international dimension. The globalization of economic activity has become a reality with world corporations and regional inter-country trade agreements.

This development has brought the need for a harmonized system in trade statistics. Consequently, a number of countries are reaching agreements on definitions to be used for international trade statistics. Although the analogy has limits, there is also a globalization of social issues.

The national censuses, especially as these share concepts, definitions and common data outputs, have excellent potential to form an important international statistical bridge between countries regarding such global social and economic issues. In fact, it could be argued that the census is the logical international framework for data and analysis of such issues. Although cooperative work between countries on census approaches has progressed, much remains to be done. If a world census, as recommended by the International Statistical Institute many years ago, is still not on the horizon, a “harmonized system” of censuses may be the important step towards dealing with regional and world demographic and social changes.

Censuses are an important foundation of national statistical systems. With the round of censuses held this decade, coverage of the world’s population by a census will be almost complete. The Statistical Commission of the United Nations noted that the world population and housing census program has been an unprecedented success, with 191 countries or areas of the world carrying out a census between 1975 and 1984, enumerating over 95 percent of the world’s population.

Of course, collecting high quality data through a census is getting tougher. In the former West Germany, large expenditures on public communications were necessary to achieve satisfactory results. Last year’s experience in the U.S. resulted in much higher than expected field follow-up costs.

Extra effort and ingenuity is exactly what all of us need if we hope to achieve our census objectives in a public and government environment that is changing.

Getting the average citizen to participate in civic activities is getting tougher to bring about whether we’re looking at national or local elections, volunteer activities, blood banks or censuses. However, we do not abandon such civic duties. The additional investment it takes to remind people to “Get out the vote” or “Send in the census form” is required to get people’s attention in a communications environment that bombards the individual with instructions, information and ideas.

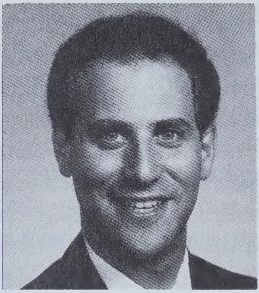
Is such an investment worth it? Categorically — yes. The census is too important, too vital to our future not to ensure it succeeds. Uses of census data are expanding both to address internal national issues and new international concerns. With trends to a world society or to that “global village” as we see developing, census information on all countries will be important to us in order to know our neighbours — both close or more distant — and also to improve our understanding of ourselves and our country.

The demographic imperatives of the next decade will be with us whether we are three, five or 10 countries in North America. The issues of support systems for the aged, renewing the labour force, poverty and many other concerns will still be with us, regardless of national boundaries. All members of this part of the global village will face the same dilemmas — we will need to develop and maintain a wider world perspective of these if we hope to succeed. We have a responsibility to ourselves and our world neighbours to concern ourselves with more than just the domestic interests of our household in the global village. We must step out into the backyard and look at what's going on in the world around us.

On June 4 — on Census day — we will open the door to discovering the latest trends in Canada. Are we prepared for what we will see?

Thank you.

The appreciation of the meeting was expressed by Catherine Charlton, President, The Charlton Group and a Past President, The Empire Club of Canada.



April 18, 1991

Glenn Lowry

Director, Art Gallery of Ontario

THE CHANGING ROLE OF MUSEUMS IN SOCIETY

Chairman: **Harold Roberts**
President

Introduction:

Honoured guests, ladies and gentlemen;

I want to begin by telling two stories; the first apocryphal; the second actual.

A man entered a book store and approached the proprietor. "I'd like to buy a Bible."

"What version?" enquired the owner.

"Oh I don't know, something new."

"Well do you have a Bible now?"

"Yes, but it's an old thing and it's falling apart."

"Do you know what version it is?"

"No...but it's printed by someone named Guttenberg."

"Guttenberg? That's a very valuable book! Do you realize that?"

"No, but it doesn't matter because somebody by the name of Luther has written all over it."

Perchance you think it could never happen. Let me tell you a real story.

My mother's mother had a glass sandwich tray that had been in the family for years. It was quite large and of clear glass with glass beads around its perimeter. After the death of my father we cleared out the apartment and my sister took the heirloom home. Several years later I was attending a party in honour of one of my nieces, soon to be a bride. During the reception the plate was used to pass food, and during the course of the evening the caterer managed to drop the plate and it shattered on the floor. Another of my nieces who was in the room as the platter smashed, consoled the maid,"Oh don't worry, it was old anyway."

My niece has a good heart, but I honestly don't think she has a great sense of value.

Culture; be it music, art or architecture is an acquired taste. For most, it doesn't "just happen." For many Canadians this truth has yet to be discovered. To quote Christopher Hume, (Globe 14 Oct.'90) "Around here, Lowry may well find that what's possible is not what he's used to in the U.S. The tradition of philanthropy that created America's vaunted public museum system is all but absent in Canada, where culture is considered a frill, and a rather suspicious one at that."

The Lowry referred to in this paragraph is obviously our guest today. Glenn Lowry, Director of the Art Gallery of Ontario.

Dr. Lowry was the choice of the search committee from A.G.O. that was commissioned to find a successor to William Withrow, the Curator of the Museum for the last 30 years of its 90 year existence.

Dr. Lowry is a graduate with a B.A. magna cum laude from Williams College in Massachusetts and he holds an M.A. and Ph.D. from the Graduate School of Arts and Sciences at Harvard University.

In spite of his youth, Dr. Lowry has been instrumental in building two museums; the Muscarelle Museum at the College of William and Mary in Virginia, and the Arthur Sackler Gallery at the Smithsonian Institution of Washington.

Again to quote Christopher Hume. "Clearly, the committee saw Lowry as a man who can hold his own on the gallery floor and the board room, as well as in the public eye."

Dr. Lowry comes to speak to us today on the changing role of museums in society.

Dr. Lowry, welcome to The Empire Club of Canada.

Glenn Lowry:

Mr. President, ladies and gentlemen, thank you so much for inviting me to speak to you this afternoon. This is a great challenge for me as an art historian, for as many of you may know, art historians are generally incapable of speaking without slides shown in a darkened room! It is even harder for most of us to speak without having a work of art to talk about. So I hope that you will bear with me as I try to explore with you some of the many ways our lives are affected by art on the one hand, and what we do in the museums on the other. The controversy over Robert Mapplethorpe's sexually charged photographs last year, or the National Gallery of Canada's display of Jana Sterbak's "Vanitas: A Flesh Dress for an Albino Anorexic", are potent reminders of the degree to which what is happening in the art world has a direct bearing on our lives.

As these controversies continue to emerge, and we continue to feel the effects of the recession, not to mention the impact of the constitutional debate that the country is struggling with, I believe it is worth pausing for a moment to reflect upon the nature and importance of our cultural institutions. There are those who believe that art museums are nothing more than an attractive window-dressing for society — a banner marking a wealthy and affluent people, but an easy frill to cut when economic times get rough. My goal today is to illustrate for you the vital role museums play in shaping society's vision of itself. In these times, however, any discussion of the arts is inevitably intertwined with the economy and I want to share with you some surprising figures:

According to the 1990 survey of The Council for Business and the Arts in Canada, 1989/90 revenue from public museums and art galleries across the country totalled in excess of $336 million.

In 1987, the Ontario Arts Council commissioned a detailed report on the Economic Impact of the Arts in Ontario. The report came up with several interesting facts about the arts and culture sector, which were published in the Council's 1989 document entitled "In the Province of Artists" and I want to quote freely from it.

Among Canada's 20 largest manufacturing industries, the arts industry is:

- 4th in persons employed;
- 6th in wages and salaries;

- 9th in revenue;

The economic impact of the arts and culture sector is about the same as:

- metal and mines;
- food and beverages;
- electrical power;
- gas and other utilities;
- accommodation and food services;

and is bigger than:

- tobacco;
- rubber;
- textiles;
- clothing;
- furniture and fixtures.

The arts sector has grown at a much faster rate in recent years than the economy as a whole. In the decade between 1971 and 1981, the arts labour force grew twice as fast (at 66 percent) as the labour force as a whole (at 33 percent).

Cultural industries, and museums in particular, also stimulate a wide range of other economic benefits, including the rejuvenation of declining urban areas and the attraction of increased numbers of tourists; one need only think of Harbourfront in this context to see the value of such efforts.

In the same way cultural institutions can also become the focal points for the development of community pride and cooperative endeavours. The recent restoration of the Music Building at the CNE is a perfect illustration of the kind of collaborative projects that I am thinking of here.

But I mention these facts not to justify the arts on economic terms, but to underline the fact that our cultural institutions must be seen as more than just a repository of works of art or theatrical productions. Museums throughout this province reflect the extraordinary expansion of artistic activity that has taken place in recent decades and that has notably improved the quality of life here, a fact that should not, and cannot, always be seen in economic terms. Ontario now offers its citizens a wide array of cultural resources of international calibre that distinguish it from many other locales throughout North America. We should be proud of the province's achievements and look forward to ever greater accomplishments. The strength of a society lies in its continued economic and cultural growth.

We behave in particular ways because of what we think of ourselves. That is how we set our goals and muster the perseverance and determination to achieve them. In Toronto alone the determination to create a new and vibrant society is nowhere better reflected than in the soaring skyscrapers that define the city's dramatic skyline and stand in stark contrast to Toronto's rural and provincial past; a past humorously depicted in Joe Fafard's *The Pasture* in the Toronto Dominion Bank Complex.

How is this self-image created? It cannot be dictated to us by governments or individuals. Rather, it is an image that emerges from the imagination of artists, who explore through their work the very nature of society, showing us in the process where we came from, what we are and what we can become. One need only think of Charlie Pachter's *The Painted Flag* in First Canadian Place or Michael Snow's *Flight Stop* in the Eaton Centre to see how works of art can both challenge and define our sense of identity.

The establishment of a strong and confident self-image is instrumental in motivating a society's economic and social success. Japan is a particularly dramatic case in point, as the country re-built itself in the aftermath of World War II. Japanese society's dedicated and disciplined self-image led it to overcome formidable obstacles to establish itself as an international leading force, not only commercially, but also culturally, through cuisine, cinema, architecture and graphic design.

Ontario has its own challenge in establishing a self-image. We are a young society and do not have the advantage of centuries of history to extract a deep-seated sense of identity. In addition, our multicultural heritage represents one of the most diverse and dynamic mixtures in the world.

The development of a vital and sustained artistic life in Ontario will be crucial in establishing a strong well-articulated self-image: one that all Ontarians can share with pride.

In the Throne Speech of November 1990, the Government of Ontario recognized the importance of the arts to the economy and to the quality of life here, and made a commitment to increase support to artists.

The Art Gallery of Ontario fully endorses this measure. Artists all too often have had to work under depressed economic conditions and depend on the augmented support of the government in order to revitalize and continue the development of our culture.

However, government support of culture cannot begin and end with artists — that is only half of the equation. Our society must be given greater access to the work of our artists, to be given the opportunity to better understand these works in relationship to themselves. Support for artists without a concomitant support for the institutions that display, preserve, and interpret their work is like support for actors without an equal support for the theatres necessary for staging the productions in which they star.

The visual arts in particular are an area where one needs the chance to study a wide variety of objects from the past and the present in order to understand who we are and where we are going.

Art is a language, a means of communicating deeply felt thoughts and beliefs. Like any language it has its own set of rules and codes. These are not always immediately apparent. Often we confuse the ability to describe or see a work of art with the ability to understand that object. Take, for instance, contemporary art like Jana Sterbak's "Vanitas" that I mentioned earlier, with its challenging yet disturbing forms. On one level the piece can be read simply as 23 kilograms of red meat stitched together to look like a dress. On another level, however, as "Vanitas" decomposes into dried and distorted forms it becomes a thoughtful, if troubling, meditation on the transitory nature of life. Moreover its overt reference to fashion allows the piece to also be seen as a statement about the constraints that society imposes on women.

In order to understand what is being communicated, however, we must be able to understand the language used by the artist. There is only one way this can occur and that is through study and contemplation, and museums play a central role in providing a forum for this process to take place. By exhibiting and interpreting the most challenging works of art, whether they be of the past or the present, museums create a context in which works of art can be seen and appreciated for what they are: unique expressions of powerfully felt ideas and feelings that inform as well as delight us.

Government support of our public art galleries and museums is crucial for Ontario to enjoy its visual heritage and preserve it for future generations.

Unfortunately, culture has never been a high priority in government spending. In 1990/91, the Ontario Government allocated less than 1 percent (0.61 percent) of its budget to the Ministry of Culture and Communications. This amount includes the funds provided to the Ontario Arts Council, as well as direct support for museums across the province.

Ontario Government funding directed towards public art museums and galleries is among the most limited in Canada. According to the Council for Business and the Arts in Canada, in 1989/90 Ontario ranked 9th out of the 12 provinces and Territories in terms of its per capita spending on art museums and galleries, ahead only of New Brunswick, Saskatchewan and Newfoundland. There is a certain irony to this when one remembers that Ontario has almost twice as many art institutions as its neighbouring province, Quebec (38 in Ontario, compared to 20 in Quebec) — and almost 50 percent more population. Quebec ranked number 3 in the survey, spending 22 percent more per capita than Ontario on art museums and galleries.

We are confident that with its commitment to artists, the Ontario Government will also recognize the essential role of public art galleries and museums in bringing art and people together.

However, public art galleries and museums cannot depend solely on government funding. In 1989/90, funding from the private sector for public art galleries across Canada totalled in excess of 30 percent of their operating revenue.

Art institutions like the AGO count on strong private support to provide both financial and human resources, in order to ensure their survival.

In 1989/90, close to $3 million of the AGO's operating revenues came from individuals and corporations, through admissions, memberships, retail sales, sponsorships and donations. This private support is essential to enable our institution to present exhibitions and other public programs and activities throughout the year.

In addition, the AGO received incredible private support in 1989/90 to bolster the holdings of our Permanent Collection: $13 million in gifts of works of art and $1 million in cash donations for the purchase of works of art. No public funds are used by the AGO for acquisitions — these funds come entirely from the private sector and reflect the continued commitment of the community to the AGO's mission.

Individual and corporate support of art museums, however, follows a trend similar to government funding. In good economic times, we provide a nice tax break. In bad economic times, we're considered as one of the first frills to be cut.

This, despite the fact that the cultural sector not only represents a significant economic factor in and of itself, but also provides a variety of other direct and indirect economic benefits as well as a crucial intellectual resource that cannot be replaced by other activities or institutions.

Works of art are tangible artifacts that allow us to experience directly the most potent forces of human creativity. In doing so they strengthen our understanding of the past as well as the present.

The cultural strengthening of a society results in a significant benefit that is not evident on a short-term basis. Any examination of the evolution of today's leading economic powers clearly shows that cultural forces play a major role in fostering and promoting economic expansion. Wherever we find international economic success stories, we find a strong cultural component intertwined with basic commercial activity. The United States, Japan and many European nations have long recognized the value of building foreign policy and trading initiatives upon their cultural strengths. Consider the cultural images associated with the products of major European nations: the refinement and sophistication of French wines and fashions; the technical excellence of German automobiles; or the innovative audacity of Italian design. Do the products shape the images, or do the images shape the products?

The relationship between society and museums is not a one-way street. While both public and private sectors are responsible for the continued existence of art museums, these institutions also have a commitment to fulfil.

Art museums cannot be ivory towers, isolated in their own world, with their own language and their own priorities.

If we are to play a role in our society, we must make a commitment to make art accessible to people. This is a commitment that we at the Art Gallery of Ontario have enshrined in our mission statement which states that our goal is to be a great art museum that brings art and people together. This commitment grows out of the fact that the AGO began its life more than ninety years ago as a small community gallery originally called the Art Museum of Toronto. Even as our building, collections, and programs expanded to national and international levels, and we acquired a broader provincial mandate in 1966 to become the Art Gallery of Ontario, we have preserved our dedication to serving the community.

Museums provide a central arena where individuals can meet in order to look, examine, and wonder at art and learn in the process that when we judge a work of art we are also judging ourselves.

Museums around the world are taking a long hard look at the ways in which they display art, and are examining ways to make art more understandable and enjoyable for a wider audience. This reevaluation reflects the critical role played by museums in providing a forum for developing an appreciation and understanding of art.

At the AGO, we are undertaking an intensive exercise in this area. As part of our Stage III expansion, a project that will be completed in the fall of 1992, every gallery in the institution is being stripped and reinstalled. Teams representing virtually every area of the Gallery — including Curatorial, Education, and Marketing, are developing new and innovative ways to interpret each gallery to make the most of each visiting experience. Our goal is to create an environment in which all visitors feel welcome yet challenged by our installations and exhibitions, I believe that museums must be intellectual and cultural focal points for the communities they serve, but they must also be open and accessible to all people. Visiting a museum should not simply be an exercise in looking at art. Rather it should be a unique experience where visitors enter into an intense dialogue with the objects displayed as well as the thoughts of the people who have developed the installations or exhibitions. Experiencing art is not a passive endeavour — it is an emotional and intellectual activity, and it is a museum's responsibility to foster and encourage this.

Museums also have a responsibility to display art that reflects and represents society. Our society is composed of rich and varied cultures that contribute to Ontario's identity. The achievements that we present must reveal a broad image of our society, not one that reflects only a part of the whole.

The cultural plurality of today's society presents a real challenge to art museums. Ontario is not alone in re-examining its artistic representation. British Columbia, for example, is studying the integration of native art into the mainstream. Other countries, such as England, are incorporating the art of more recent immigrant populations to reflect the emerging awareness of the complexity of its society.

We at the Art Gallery of Ontario are examining closely how to respond to the changing nature of society in this province and country. We are searching for ways to make our exhibitions and programs more relevant and exciting to our visitors, while seeking ways to broaden our audience. This will inevitably lead us into a dialogue with the many different communities that make up our audience, which will in turn help us to develop new and more exciting exhibitions and programs.

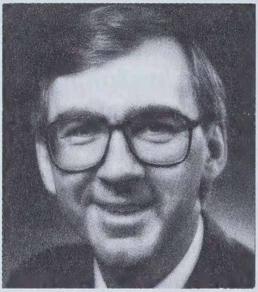
In the process of doing this we must not forget that museums have an obligation to make choices, to decide what should be acquired for the permanent collection, or what should be displayed in the galleries. In some circles this has become a controversial issue for in making choices we exclude as many objects or exhibitions as we include. We have been accused, as well, of doing this on the basis of quality, as seen especially from the vantage point of a European oriented perspective.

Well, museums are about quality, for art itself is about quality. Indeed, the very word art is derived from the Greek term meaning skill or accomplishment.

The mark of a great museum is the strength and quality of its collections and programs. One need only think of the Louvre in Paris or the Metropolitan Museum of Art in New York to see this. But quality and cultural diversity are not mutually exclusive. Art, no matter what its origins, is about experience, about feelings, and about ideas. Great works of art no matter where they come from, or who made them, are those that succeed in transcending the commonplace or the quotidian to reveal fundamental truths about life. At the Art Gallery of Ontario we are committed to ensuring that we remain at the centre of any discussion about the arts so that we can provide a means for all who are interested to experience the achievements of the past, as well as the present, in order to be prepared for the future. For museums ultimately provide the bridge between art and society. In allowing for the expression and evaluation of cultural issues, museums also allow for the affirmation of what we hold dear as well as the creation of new values that are critical to our understanding of who we are and what we would like to be.

Thank you very much.

The appreciation of the meeting was expressed by Katie Hermant, Vice Chairman, Board of Trustees, National Gallery of Canada, Treasurer, Dora Maver Moore Awards, and a Director of The Empire Club of Canada.



April 25, 1991

Gérard Veilleux

President and CEO,
Canadian Broadcasting Corporation

CBC IN THE FACE OF CHANGE

Chairman: **Harold Roberts**
President

Introduction:

Honoured guests, ladies and gentlemen;

I'm sure most of you are familiar with the "Last Supper"; well, for me, this is the last lunch; at least as President of The Empire Club.

It has been a wonderful year for me and it seems that it has flown by. Just about eleven months ago our second speaker of my year was Mr. Keith Spicer, then Chairman of the C.R.T.C. Over this year, many issues have been raised at this platform that have reflected a year of turmoil in Canadian history; post Meech Lake struggles over Canadian unity; a War that involved Canadian forces, and a major recession.

Throughout this year, The Empire Club of Canada has provided a forum of dialogue that has touched upon all of these issues and many more; and it seems somewhat ironic to me that we have begun and ended this year with speakers who have powerful controls over the "voice of Canada", our national communications network. Voices speak, but do we have the capacity to listen? There is struggle in our land and the C.B.C. is very much a part of it. How can we provide the best voice for Canada for the least amount of money?

The challenge falls squarely on the shoulders of our guest speaker today, Mr. Gérard Veilleux, President of the Canadian

Broadcasting Corporation. In fact, that is exactly the job description as written in the Globe and Mail in October of 1989. "Task: cut C.B.C. spending by $140 million by 1994, yet provide first-class broadcasting services to all Canadians."

A few days later the Globe began another article that spoke of Mr. Veilleux by saying:

"The Royal Canadian Air Farce had the best joke so far about the new C.B.C. appointment. They said Patrick Watson had been hired to restore excellence in programming and reaffirm the country's faith in public broadcasting. The other guy, they said, was hired to make sure Watson doesn't have the money to do it."

A graduate in Commerce from Laval University, Mr. Veilleux went on to earn a Master's Degree in Public Administration at Carlton. From there he went to work in the Finance Department of the Manitoba Government.

In 1965 he returned to Ottawa where he has continued to work, except for a brief stint in the Quebec civil service, in several areas of the federal civil service. After working in various senior positions of the government, including terms where he reported directly to Prime Ministers Trudeau and Mulroney (he must have flexibility), he was appointed to his current position.

He does have a reputation for quiet hard work, frugality, and yet he knows his people. He is the author of "Les relations intergouvernementales au Canada, 1867-1967."

Mr. Mulroney asked our speaker to become President of the C.B.C. as of November 1, 1989.

We welcome Gérard Veilleux to The Empire Club of Canada.

Gérard Veilleux:

Canada is going through a searing time and the outcome is unclear. Canadians seek a renewed sense of direction, of purpose, of confidence in themselves. Canada needs to revive its collective will to survive as a country.

I can't think of a more appropriate take-off point than this for my remarks today, because we at the CBC are going through equally searing times. And we are in a similar process of redefinition.

It should not be a surprise that our country and one of the institutions that best embodies it — the CBC — should both be passing through such a difficult moment. Why would an institution so reflective of the nation not also reflect the stresses of the country and of the time?

I think I can fairly say, however, that we at the CBC have a better view now of the future we can create for this institution of national importance, and one of the world's unique national public broadcasting services.

That is what I would like to talk about today. I want to convey to you a sense of the journey we at the CBC have begun, of the directions we have defined, of the terrain we must transit, and of the markers we have set along the road to measure our progress.

I also want to forewarn you that I will attempt to see more of you. As CEO of the corporation, I believe you have something to offer me in terms of the experience you have with your own corporations. So I will be calling on you and on other Canadians across the country in the weeks ahead to share my ideas with you, seek your ideas on the CBC of the future and hopefully get your support for it.

In the meantime, I hope you will be able to leave today with a clear sense of what I am doing and why I am doing it. You will see that, in defining the route the CBC intends to take, I have attempted to marry two distinctly different approaches: one is the hard-headed, sharp-pencilled perspective of the corporate sector; the second is that of the visionary programmers and broadcasters who have given Canada an outstanding international reputation, and whose creativity is the glue that alone can bond our national broadcasting service to Canadians and let them recognize the CBC as immediately and distinctively **theirs.** I have called this approach: using private sector means to achieve public sector ends.

And I hope, too, that you will leave here today with a renewed sense of confidence as to our capacity as Canada's public broadcasting service to make that journey.

And the ultimate destination of that journey? In a very real sense, to echo Marshall McLuhan, the journey itself is the destination.

I would be very happy indeed, if Canadians could come again to see us as the late Northrop Frye saw us in a wonderful private letter he wrote 17 years ago after a particularly bumptious regulatory hearing about the CBC. He wrote: "All of those people, coming from such incredible distances, with such an immense variety of briefs and beefs, all descending on Ottawa in a mood of **exasperated proprietary affection, of the kind that one might have for a pet dog with muddy feet."**

Exasperated proprietary affection! What a wonderful definition of the relationship we should seek with Canadians.

My most recent experience with CRTC hearings, persuaded me, going through the "briefs and beefs" of the 200 intervenors, that the essential "exasperated proprietary affection" Canadians have toward the CBC remains strong.

That is an incredibly important feeling in terms of our reshaping the relationship, in particular, between CBC television and Canadians so that it better reflects them, as CBC radio is perceived to reflect Canadians.

Reflecting Canadians is where the ultimate strength of the CBC as a national public service must lie. And that feeling is equally important in helping to re-build the ties among Canadians. That is where the strength of the country must also ultimately lie.

Canadians must believe with "exasperated proprietary affection" the CBC is theirs. The way the CBC informs and entertains them reflects the Canada they know and want. They must believe that it helps to distinguish Canadians in the broader world, and that it gives them a window on each other and on the world.

Canadians have contributed an immense amount to that world.

Canadians have discovered, or devised, or developed, or invented combines and domed stadiums, insulin and canola oil, telephone switches and the Canadarm, the snowmobile and peace-keeping forces. Canadians have pushed out the theoretical boundaries of theology and communications, chemistry and plant genetics.

Our writers, our film makers, our musicians, English and French, are internationally acclaimed, so too are our poets, our photographers, our hockey players and (dare I say it?) one Blue Jays pitcher, Denis Boucher.

And, we built a quite extraordinary public broadcasting service and the teams, literally, teams of the most talented people in broadcasting anywhere in the world, to operate a radio and a television service in two languages across six time zones over a vast territory covering a distance equal to that from Madrid to Moscow. And we did it some 30 years before the Americans came to consider such an idea and established their own version of public broadcasting.

These are the examples of achievements of a first-class country, a country with a culture that meets the essential criteria of greatness set out by the historian, Fernand Braudel. A great culture, he wrote, exports itself.

That is how the world sees us — as creative, dependable people who have exported and contributed to that world.

We would do well to look at ourselves as others do and see ourselves as they do. Canadians should stop their unfortunate habit of displaying their pride about themselves and their institutions only when they are outside the country.

Too often we seem to see each other — not as friends and compatriots and as fellow **contributors** to a better Canada and a better world, which is what we are — but as competing entities vying for an undefined national vision. We are so much better than that.

We at the CBC know our first task. We have to clean and clear and re-open our windows on each other. We must help Canadians to hear as well as to listen, to see as well as to watch. That is the basic service we can and must provide.

That is an immense task, to allow us to see each other not as we fear but as we hope — and to help re-open a future founded in the tolerance and understanding that springs from hope rather than the debilitating sense of grievance and alienation that springs from fear and intolerance.

Why must this objective subsume others? Because the survival of Canada, simply, is a condition precedent for the kind of CBC I have directed my efforts toward. And in turn, a strong and stable CBC will nobly assist Canada to survive.

That does not mean making unity — or any particular means of achieving unity — an editorial position around which all our principles would be based. News is news, and we will cover the debate about our national future with all the clear-headed, clear-eyed objectivity we do bring to covering all news.

But it does mean, as I said, that we have to help Canadians clear and clean and open windows on each other so that, whatever decision is ultimately made, it will be based on knowledge and not on ignorance.

I know that, to many of you here, television means the national news, perhaps the journal, and occasionally an opportunity to relax with a sporting event or a movie. You are busy people and you have many other windows to the world.

But for many, indeed for most people, television represents the most powerful communications tool they have. This is where our children learn their contemporary history, develop their values and sharpen their language skills. Television is where most adults get the information to form opinions, where they see themselves in dramas, laugh at themselves in comedies and where they see and experience the geography and lifestyles of their own country.

But the reality is that Canadians have far more opportunity to experience the values, lifestyles, history and images of the United States than they do of Canada. Most of the television we see in this country is American. Indeed the CBC is the only service which is dedicated to being Canadian, to telling Canadian stories, to looking at the world through Canadian eyes, and to establishing the values and history of the country in which we live.

This is why I say that while **the CBC has an uncertain future without Canada, Canada and Canadians have an**

uncertain future without the CBC. That is so because the CBC is the only expression of our national identity, our "Canadianess", our sovereignty. An executive producer of a U.S. radio program carried on 180 stations in the United States, in a recent open letter to the Globe and Mail stated:

"How Canada solves the challenge to Confederation remains to be determined. I believe the imagination will be found to invent a new structure, one that can be a model to other countries. But without a CBC, the chances are greater that a new form of colonialism will be invented instead."

That is the domestic context within which I had to redefine our corporate mission and values, our goals and objectives, our priorities and our strategy for achieving them.

There is another important aspect of the broad and difficult context within which we all have to operate — the world beyond our borders, the global — and globalizing — environment.

In the past year, at home and abroad we have confronted:

- The continuing fragmentation of what we once called the Communist Bloc;
- The collapse of the Meech Lake Accord and the resulting constitutional crisis;
- The Oka crisis;
- The invasion of Kuwait and its liberation, with the attendant human and environmental horrors;
- The recession, as well as the adjustment Canadians have had to make because of the goods and services tax; and,
- As bad as anything, the flight of the Kurds to die, 1, 000 a day perhaps, mostly infants and old people, in the mountains just outside of Turkey and Iran.

The CBC has been in all those places covering all those events and issues, reporting alike a first minister's conference, a legislator named Elijah Harper, a masked man named Lasagna, a general named Schwarzkopf, and a nameless Kurd with a scrap of paper bearing the address of a cousin in a promised land called Rexdale — surely, the ultimate metaphor for the suburbs of the global village.

The CBC has been there, in French and in English, on radio and on television, around the clock, for constitutional crisis, for war and for exodus, for soldier and for refugee, for stealth fighter and for raw sewage. The CBC has been there for you.

I suggest that it is in this national and global context of rapid, and occasionally turbulent and confused changes that we must fulfil the requirement to truly "Canadianize" our television networks, and to effectively cover urgent events in a troubled world, and a troubled Canada through Canadian eyes so that Canadians understand the implications for their own lives, through our news and our artistic expression. That is what CBC exists to do and only it can do it the Canadian way.

It is in this context that I had to match real dollars to real people with real faces.

Let me get down to detail, to hard numbers. When I arrived at the CBC 17 months ago, I faced the need — no, the necessity — to cut $50 million from the CBC's budgets over four years.

Ultimately, I put to the Board of Directors a plan to do all the cuts in three years, rather than four, with as much upfront as we could bear. Moreover, that plan concentrated the cuts on staff functions and at head office, so as to preserve programming.

In January 1990, I announced cuts of $35 million, most of them focussed on head office and staff functions.

As part of this first round, among other things, I eliminated CBC Enterprises. The communications department at head office was reduced by 50 percent. Head office staff at the so-called Bronson Bunker was cut by 20 percent.

Head office costs now represent three percent of the operating costs of the corporation. Three percent for a decentralized and regulated corporation.

But the impact of on-going government restraint combined with a further weakening of the advertising markets necessitated yet another round of cuts.

This time I had to find another $108 million. And on December 5, I announced this second round of cuts, barely 11 months after the first one.

With these two rounds in 1990, the number of jobs at the CBC will be reduced by 15 percent and its expenditure budget by about 10 percent.

Let me put this in graphic terms. If the government itself were to do that, the size of the public service would be reduced by 35,000 jobs, and the federal expenditure budget would be down by $10 billion.

That is what the CBC did in **one year**.

In 1991 Canadians will pay, in real terms, for increased CBC services the same as they did in 1984: a dime a day.

It has been a very painful process, in a corporate sense and in a personal sense.

It is much easier, as all of you know, for a CEO to deal with person-years than to deal with persons.

Bluntly put, we have done the job of expenditure reduction. Real people are without jobs. Real programs are gone.

What is our situation now? Let me deal just briefly with the downside possibilities.

To do some of the things we need to do, some modest additional money is required. I have no assurance these funds will be provided.

Further cuts, I am convinced, would put in peril CBC's capacity to fulfil the mandate that Parliament has just approved. And I have no assurance that further cuts will not be required.

Let me be very clear on what that would mean. It would mean more programs, more stations, and more jobs would have to be eliminated.

But the darkest aspect of our future is not only specific dollars for specific programs or specific years. It is also the fundamental structural problem that goes right back to our origins as a public broadcaster.

Simply stated: We have a fixed mandate and flexible financing. I have been handed a job which is legally defined, but not given the necessary tools to do it.

Private corporations, I know, face cuts and pain just as we do. But when they have to face unexpected difficulties for which they did not budget, they can do something I cannot. They can borrow.

I cannot, by law, borrow a single penny; nor can I carry a deficit.

So I am denied, by law, some of the most basic instruments most of you have for managing the peaks and valleys of life in the market place.

Yet, like you, CBC has to compete. And as surprising as it may sound, I think I can claim that I face greater competition than you do.

I have to compete in commercial markets for advertising revenue against private broadcasters and other media. But I also have to compete in the bureaucratic markets for government revenue against many other expenditure programs.

While some of you may think this can be an advantage, you should also realize that sometimes — like in the last year — we lose in both markets.

But when we lose, I can't always cut the cloth to fit the suit. I can't put it on plastic. I can't take a second — or even a first — mortgage.

And what's more, I manage a creative organization. I cannot assemble a creative programming team on a moment's notice, dismantle it, reassemble it, and expect our viewers and listeners to remain. To do its job, CBC requires fixed multi-year funding to match its fixed multi-year programming mandate. Unless it is provided, there will come a time when our shrinking resources, simply, will not allow us to fulfil the mandate of a public broadcaster.

When we reach that point — if we reach it, and we will do everything possible to avoid it — it will not be for us but for

Parliament to decide which one is to give: the mandate or the money.

But that is for the future and perhaps never. For now, let me turn to the upside, what the CBC is here for, the nature of the service we intend to provide Canadians in the future by reshaping the corporation with the resources we have.

Going through what we have gone through has forced all of us to see more clearly what the CBC can be, and to toughen and temper our will to make it so.

We have a very clear sense of our strategy. We have a clear and shared sense of where we are going, why we are going there and how we intend to get there. We have a clear and shared sense of what we need to do and, consequently, a very clear sense of what we are **not** going to do with the resources we have.

What we are going to do? Our first task is to protect our core program services to the greatest extent possible. By core programs I mean radio, AM and FM, French and English. I mean television, French and English. Six broadcast networks in all. That is the core.

What we are not going to do is devote scarce resources to non-core functions such as Radio Canada International and the parliamentary channel. They are not basic to the CBC of the future but rather a logical extension of external diplomacy in the first instance, and of parliamentary democracy in the other. And that is how they should be and will be financed — by the government, not as part of the CBC.

Within the core of our business, however, what are the priorities to be, given the resources we have?

Those priorities are, and in order, national programming, regional programming, inter-regional programming and local programming. I repeat, in that order.

Under national programming, we intend to increase Canadian content on CBC television prime time to 91 percent this fall. CBC does not exist to show predominately U.S. programming. We can't know each other, or even see each other as Canadians, through programs made by others. It is as simple as that.

And with a modest increase in our resources we would continue to increase Canadian content, to improve the quality of our French-language television. We would provide more network productions from the regions. We would have more cross-cultural programs. And, we would establish a French-language equivalent of Newsworld.

The network — radio and television, French and English — is the **only** means by which Canadians can hear and see each other, coast to coast, in two languages. Preserving that is basic to fulfilling the mandate.

But preservation is only a start. We need to consider new concepts in programming, in funding, in the presentation of commercials and other means such as corporate sponsorship, so that CBC services will be more immediately recognizable to anyone, anywhere.

The legitimate role for a public broadcaster is to reflect the distinctiveness of Canada and Canadians to each other and to the world. To choose that focus is simply to choose Canada. I chose Canada.

The second of the priorities I set out is regional programming.

Under our regional priority, we are putting in place the final details of a new supperhour news show which will better reflect the provincial dimensions of life in Canada.

This new approach to suppertime news at the CBC is based on one program for each province rather than the direct head to head local competition with private broadcasting which we have been used to. We're redesigning the whole approach to early evening programming and when we launch this fall I think you will find new, exciting, innovative programs which better reflect the reality of this country.

An important part of this redesign is my view that our future does not lie in more bricks and mortar of local and regional real estate but in the programs themselves that reflect the perception and creativity of our regions.

As a result we are in the process of transforming certain of our existing stations into what we call news bureaus and in the future, resources permitting, we hope to complete a system of these small, flexible, production units across the country. In this way all of our regions will be able to contribute to the regional shows and to our networks in the same way that we now reflect the rest of the world through foreign correspondents.

A very important part of our regional priority is to try and re-establish the CBC as an instrument by which we can break down some of the solitudes that always mark and occasionally, like now, rend this country.

As well as regional programs which show the regions of the country to themselves there is a need for an inter-regional perspective.

Only if we provide the means by which Canadians can watch and listen to each other can we hope that ultimately they will see and hear and better understand each other.

Addressing this priority has required us to develop a whole new approach to programming — and although I do not want to raise the curtain on your plans just yet — you will see the results on your television sets, in French and English, this fall.

And finally, the fourth of these priorities — our local programming. A great deal of misunderstanding surrounds what I have proposed, so let me make it clear what our intentions are.

First, radio will remain as a local programmer. This is the root of any good radio service. A strong local presence, feeding into regional and network programming. This is how we built the finest radio service in the world and we intend to keep it that way.

In television we intend, not to eliminate our role as a local programmer, but rather through our news bureaus, to reflect Canada's localities to a broader audience, to open a window on Canadians in one locality to Canadians in other localities. We want the CBC to provide a way for Canada's localities to reach out — and see out — into the country and the world, not to provide the means by which they close in upon themselves. We have bunkers enough.

Again, we will devote our resources to programming rather than to buildings. We will devote our resources to the new technologies that make it possible to concentrate on content rather than hardware, on mobility rather than proximity.

We buy a bus ticket to get us to the story. We don't rent a moving van to bring the story to us. We went to Oka. Oka didn't come to us. This is not radical. It is just plain sensible.

By such means we are, as I said at the outset, both bringing the CBC closer to Canadians and Canadians closer to each other.

By constructive consultations with you and other Canadians across the country, I hope to get your input into a CBC that better reflects what Canadians require, and deserve.

By marrying the fiscal imperatives the private sector knows so well, to this country's best creative talents, I hope we can restore the country's confidence and pride in one of its most important institutional achievements.

That is the journey we have begun.

I hope you will join us and stay with us along the way.

And I hope you will be with us when, once again, Canada's — and the CBC's — biggest problem will simply be to grapple, in Northrop Frye's wonderful phrase, with the "exasperated proprietary affection" of a country that has truly got itself together. A country in which the CBC will have been provided the means to continue to make its noble contribution.

The appreciation of the meeting was expressed by Montague Larkin, Director and Treasurer, The Toronto Arts Council and a Director, The Empire Club of Canada.

Annual General Meeting

President's Report

April 25, 1991

Chairman
The Rev. Harold F. Roberts, President

Harold Roberts:
Honoured guests, distinguished Past Presidents, members and friends of The Empire Club of Canada. Notice has been given that our annual meeting is to be held on this date and I have asked the Club Secretary, Willis Blair, to act as Secretary for the meeting.

In accordance with Article VI, Sub-section 2, The Empire Club's constitution, I am pleased to report on the year's activities.

Let me begin by expressing my sincere appreciation to the Club for the honour of being its President for the 1990–91 season. It has been a wonderful time of personal growth and warm encouragement from a great many people. In reviewing the year as I prepared my report many warm memories were recalled.

It has been a distinct pleasure chairing the luncheons and meeting such a variety of personalities from the international and national scene; from culture and business and religious fields; from the arts, politics and sports. I know that my report will be found at the end of the year-book and that a list of our speakers is attached to this written report, so I will not name them here. A few weeks ago someone asked me who was my personal favourite. In reflecting on an answer it occurred to me that "all were my babies" and all were special in one way or another.

There is a prestige to the office of President of The Empire Club that I have truly enjoyed, but I have always been deeply conscious of the tremendous support from Past Presidents, Officers, Directors, members and friends of the Club that give us a prominence as Canada's only forum of record.

I would also like to express my appreciation to Rogers Community 10 and CJRT FM 91.1 for continuing to broadcast our luncheons. Thank God they did!

This raises one area of concern. The attendance at the luncheons has on many occasions been very poor. President van Straubenzee mentioned this in his annual report and I must say that for several of our guests the attendance was appalling to say the least. I was truly embarrassed. Our best attended luncheons were always joint meetings with The Canadian Club of Toronto. I might add that working with Al Jameson on these joint meetings was both easy and pleasurable. Thank you Mr. Jameson. Attendance must be improved by stronger support from members and Directors.

Another area directly related to this is the continuing decline in memberships. Obviously if this trend continues there will be no Club to provide a forum. There is much that the Officers and Directors can and need to do. We seem to be in a cycle in our society where commitment and volunteerism are at a low ebb, therefore counter trends will not come easily.

As I said earlier in this report, this past year has been a wonderful experience for me and much gratitude is due to so many of our Past Presidents, Officers, Directors and members who were so helpful and supportive. I must add a special thank you to three other people; the first is my wife Jan who first questioned my sanity in accepting the challenge and then proceeded to give great encouragement; the second is Mrs. Ruth Williams, my secretary at St. Timothy's Church, who week after week typed my material for meetings; and the third, Anne Lato, the Administrator of The Empire Club who constantly was supportive and helpful. To my congregation at St. Timothy's Agincourt, both parishioners and staff, thank you for allowing me the time to undertake this challenge.

Thank you all.

Membership

Total membership for the year 1990–91 is 2,062 compared to 2,506 members in 1989–90. Categories of membership are as follows:

	1990–91	**1989–90**
Honorary Life Members	4	4
Life Members	192	197
Spousal	502	620
Regular	1,084	1,419
Student	17	37
Senior	263	229

Attendance

To date, a total of 38 meetings attracted 9,684 attendees representing a statistical average of 255 attendees per meeting.

Finance

Membership fees for regular membership, $40.00; spousal membership, $50.00; senior or student membership, $30.00; senior spousal, $40.00 and varying amounts depending on age for life membership. Luncheon prices for members approximate the hotel charge for luncheons. An additional charge of $5 is levied on non-member luncheons. The financial statements for the year ending April 30, 1991, will be presented to the Board of Directors. The audited financial statements will be published in the 1990–91 year-book.

Respectfully submitted,

The Rev. Harold F. Roberts
President

Sarah Band

Mr. President, distinguished guests, members and friends of The Empire Club of Canada: It is my pleasure, as Chairman of the Nominating Committee, to report on the work of that committee which was constituted in accordance with Article III of the Club's Constitution, of these members.

From the Board of Directors:
John Bankes
Robert Brooks
David Edmison
Hershell Ezrin
Katie Hermant
Maria Roman
Douglas Todgham
Robert Watt

From the membership at large:
Maj.-Gen. Bruce Legge
Tony van Straubenzee

Our President, Harold Roberts, served on the committee in an ex-officio capacity.

The Nominating Committee is pleased and privileged to report that the Honorary Officers of The Club for the 1991-92 season will be:

Honorary President
His Excellency The Rt. Hon. Ray Hnatyshyn, P.C., C.C., C.M.M., Q.C.
Honorary Vice-President
The Honourable Lincoln Alexander, P.C., K,St.J., Q.C., B.A., LL.D.
Honorary Chairman
The Rt. Hon. Roland Michener, P.C., C.C., C.M.M., C.D., Q.C.
Honorary Chaplain
The Rev. Dr. J. Robert Watt, B.A., M.Div., D.D.
Honorary Secretary
Alan Tonks, Chairman, Municipality of

Metropolitan Toronto
Honorary Treasurer
Hartland M. MacDougall, C.M., Chairman of the Board, Royal Trustco Limited
Honorary Solicitor
J. A. William Whiteacre, M.M., C.D., Q.C.
Honorary Assistant Secretary
W. Malcolm McIntyre
Honorary Directors
Setrak Adourian
Leland H. Ausman
Clarence B. Crummey, M.D., F.C.F.P.(C)
Dr. James A. Parish
Leslie C. Parkinson
Archivist and Historian
Gordon G. Steele, M.Com.

The Nominating Committee is pleased to report that Willis L. Blair will continue the position of Secretary and that Diana Chant has agreed to continue as the Club's Treasurer.

According to our Constitution "the Board of Directors shall consist of forty members, including at least four Past Presidents of The Empire Club, one of whom shall be the Immediate Past President and three others shall be the three Past Presidents immediately preceding the Immediate Past President."

Therefore, in recognition of this Constitutional requirement, the Committee nominates: the Immediate Past President Harold Roberts, Sarah Band, Tony van Straubenzee, and Ronald Goodall.

Furthermore, the Nominating Committee recommends unanimously that the following members of the Board of Directors continue to serve in the coming year:

Edward P. Badovinac
Graham D. (Sam) Blyth
Mary R. Byers
John A. Campion

The Hon. Barnett J. Danson, P. C.
A. Carlyle Dunbar
David A. Edmison
E. John Freyseng, Q.C.
Blake C. Goldring
Peter K. Hendrick
Katie Hermant
Frederic L. R. Jackman, PhD
Montague Larkin, C.A.
Marcia McClung
Eileen Mercier
Bart J. Mindszenthy, A.P.R.
Maria Roman
Angus Scott
Margaret Scrivener
Stewart A. Searle
Gareth S. Seltzer
K. Brent Snell
Thomas R. Spencer
C. Alexander Squires
Larry Stout
L. Douglas Todgham
John H. Tory
William G. Whittaker, Q.C.

I would particularly like to take this opportunity to pay tribute to Nancy Paul who has served on our Board, but who we regret to announce will be retiring as a Director.

Your Nominating Committee is pleased to nominate unanimously the following new member for the Board of Directors:

Lt.-Col. A. G. Cameron, C.D., AdeC

In addition to the above-mentioned nominees, your Committee also recommends the election to the Board of the following three persons who will be proposed to the Board of Directors for appointment to the posts of Vice-President:

1st Vice President
Robert C. Watt

2nd Vice President
Robert L. Brooks

3rd Vice President
Hershell Ezrin

I am sure they will follow in the fine tradition of this year's President, Harold Roberts, who has served the Club and the office of President in an outstanding and distinguished way.

Finally, your Committee is pleased to nominate for the Presidency of The Empire Club of Canada for its 1991-92 season, its 88th year, John Bankes.

Mr. Bankes was formerly a lawyer with the firm of Davies, Ward & Beck in Toronto. In 1981 he joined the firm of Morgan Stanley & Co., in New York as a Senior Associate, then moved to Goldman, Sachs & Co., as Vice President. In 1987, he became Vice President with the First Boston Corporation in New York and Toronto. He is currently Executive Vice President and Director, Investment Banking with Richardson Greenshields of Canada Limited. His education includes an LL.M from Harvard; LL.B., from Osgoode Hall Law School, and an M.B.A. from York University, of which he is a Governor. John is married to Pamela Gibson, Partner, Shearman & Sterling.

Ladies and gentlemen, I am honoured to place John Bankes' name in nomination for the Presidency of The Empire Club for 1991-92. Your Nominating Committee is confident that he will provide the able leadership that has been characteristic of this Club since its founding.

Mr. President, this concludes the report of the Nominating Committee.

Tony van Straubenzee moved acceptance, seconded by Blake Goldring. There being no further nominations, Gordon Steele moved that nominations be closed. Carlyle Dunbar seconded the motion. The President then asked the Secretary, Willis Blair, to cast a single ballot in favour of those persons named in the report of the Nominating Committee, in accordance with Article III-3 of the Constitution of The Club. The President declared the members properly elected as Directors of The Empire Club of Canada for 1991-92, The Club's 88th year. The meeting was adjourned.

The Empire Club of Canada

MEMBERSHIP 1990-1991

Life Members

N. John Adams
Setrak Adourian
J. D. Alexander
John P. Alexander
William N. Allan
Graham H. Ambrose
B.Gen. & Mrs. S. F. Andrunyk
Leland H. Ausman
Ruby P. Avison

Mr. & Mrs. Edward Badovinac
John Bassett
Mr. & Mrs. Ian S. Baxter
D. S. Beatty
M. E. Louise Beck
Everton R. Belyea
Ferne Bennett
Dr. R. C. Bennett
Bruce Birrell
Willis L. Blair
Norman Borins
R. L. Broad
F. B. Brooks-Hill
Arthur E. Brown

W. Allan Campbell
Mrs. Charles Carter
Sir Arthur R. T. Chetwynd
Samuel Ciglen
James L. Clare, F.S.A., F.C.I.A.
Walter W. Comber
Mr. & Mrs John Cook
George A. Corey
Benedict G. R. Cotterill
John A. D. Craig
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Ernst Younes
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Erika Zecha
Arie Ziering
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Mr. & Mrs. Anthony Ashworth

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Auditors' Report

To the Members of
The Empire Club of Canada

We have audited the balance sheet of The Empire Club of Canada as at April 30, 1991 and the statements of members' equity and revenue and expenditure for the year then ended. These financial statements are the responsibility of the Club's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Club as at April 30, 1991 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

SMITH, NIXON & CO.
Chartered Accountants

Toronto, Ontario
November 8, 1991

Financial Report

THE EMPIRE CLUB OF CANADA
Balance Sheet as at April 30, 1991

Assets	1991	1990
Current		
Cash and short-term deposit receipts	$ 185,425	$ 212,060
Accounts receivable	5,447	2,626
Inventory	666	973
	191,538	215,659
Fixed Assets	1	1
	$ 191,539	$ 215,660

Liabilities		
Current		
Accounts payable	$ 11,679	$ 18,647
Due to The Empire Club Foundation	25,000	36,888
Provision for prepaid membership fees and unredeemed luncheon tickets	7,281	4,862
	43,960	60,397

Members' Equity		
Surplus	125,429	132,413
Life Membership Reserve (Note 2)	22,150	22,850
	147,579	155,263
	$ 191,539	$ 215,660

Signed on behalf of the Board

Margaret Scrivener
Director

Diana L. Chant
Director

The accompanying notes are an integral part of these financial statements.

THE EMPIRE CLUB OF CANADA
Statement of Members' Equity for the Year Ended April 30, 1991

	1991	1990
Surplus, Beginning of Year	$ 132,413	$ 120,504
Transfer from (to) life membership reserve	700	950
Excess of revenue over expenditure for the year	(7,684)	10,959
Surplus, End of Year	$ 125,429	$ 132,413
Life Membership Reserve, Beginning of Year	$ 22,850	$ 23,800
Transfer (to) from surplus (note 2)	(700)	(950)
Life Membership Reserve, End of Year	$ 22,150	$ 22,850

The accompanying notes are an integral part of these financial statements.

Financial Report

THE EMPIRE CLUB OF CANADA
Statement of Revenue and Expenditure for the Year Ended April 30, 1991

	1991	1990
Revenue		
Membership fees	$ 51,299	$ 61,166
Luncheons – net	32,213	52,197
Interest	21,980	25,663
Others – net	–	4,502
	105,492	143,498
Expenditure		
Meetings	1,023	3,242
Members' notices	24,617	19,509
Office and general	7,885	6,580
Office salaries and employee benefits	28,285	26,644
Printing, stationery and postage	7,474	7,650
Publicity and promotion	4,014	3,462
Rent	12,759	11,459
Telephone	2,188	2,471
Yearbook donation and sundry expenses	24,931	51,522
	113,176	132,539
Excess of Revenue Over Expenditure for the Year	$ (7,684)	$ 10,959

The accompanying notes are an integral part of these financial statements.

Financial Report
THE EMPIRE CLUB OF CANADA
Notes to Financial Statements for the Year Ended April 30, 1991

1. *Significant Accounting Policies*

(a) Revenue Recognition

Membership fees for the Club are recorded on a cash basis except fees relating to the next fiscal year which are deferred. All other revenues are recorded on the accrual basis of accounting.

(b) Inventory

Inventory is valued at the lower of cost and net realizable value.

(c) Fixed Assets

Fixed assets, consisting of office furniture and equipment, are recorded at nominal value and additions are recognized as an office and general expenditure in the year acquired. There were no significant additions in the fiscal years ended April 30, 1991 and April 30, 1990.

(d) Due to The Empire Club Foundation

A donation to The Empire Club Foundation for the estimated cost of supplying the Club's membership with the yearbook of the current year is accrued each year. The balance includes the estimated costs of unpublished yearbooks.

2. *Life Membership Reserve*

Term deposit receipts are segregated as funding for this reserve in order to provide a continuing income to sustain the membership costs of life members. The reserve has been decreased by $700 (1990 - decreased by $950) in the current year to allow for decreases in the life membership roll.

3. *Commitment*

The Club occupies office space under a lease agreement expiring September 30, 1992. Future minimum lease payments are as follows:

1992	$10,237
1993	$4,266

4. *Incorporation*

The Club was incorporated under Letters Patent in the Province of Ontario on March 26, 1912. The principal function of the Club is to provide a forum for prominent people to address members of the Club and their guests on topics of current interest.

The Empire Club Foundation

March 2, 1992

Dear Empire Club Members,

I am pleased to submit my final report as Chairman of The Empire Club Foundation.

From a financial perspective the 1990-1991 season was a very gratifying one. Approximately 110 individuals and corporations donated over $100, up sharply from previous years. This represents approximately 5% of the Members of the Club. The Empire Club itself continued its tradition of generous support as well.

This broad response confirms the importance of the Yearbook in the eyes of our Members and demonstrates their determination to assist in perpetuating The Empire Club as Canada's forum of record.

In anticipation of The Empire Club's 100th anniversary in 2003 the Foundation has begun to develop a Centennial Index. It will be organized by speaker, speaker affiliation and content based on The Canadian Thesaurus and the Canadian Periodical Index. This basis of organization will make the wealth of knowledge and information in our Yearbooks accessible to future generations.

The Foundation is indebted to Nona Macdonald who agreed to undertake the task of getting this project successfully launched and to Patricia Alter, who, as a graduate student at the University of Toronto's Faculty of Library Science, designed our index without charge.

At our Annual Meeting on September 5, 1991 I stepped down as Chairman. Major Reginald W. Lewis, C.M.M., C.M., C.D. has been appointed as my successor and I am confident that our Foundation will flourish under his leadership.

In conclusion, I offer my appreciation to everyone who generously contributed their time and money to The Empire Club Foundation during the three years that I have had the privllege to serve.

Yours sincerely,
John A. MacNaughton
Chairman

Officers

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Vice-Chairmen: H. N. R Jackman
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R. W. Lewis
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Honorary Treasurer: Ronald Goodall, FCA
Honorary Secretary: William G. Whittaker, QC
Past Chairmen: John W. F. Griffin
Bruce J. Legge, CMM, CM, QC
Robert H. Hilborn, LVO, MBE, CD

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Warren Armstrong
Paul D. J. Clark
C. Warren Goldring
Peter Hermant
Peter W. Hunter, CD
Arthur J. Langley, CD
H. Ian Macdonald, OC, KLJ, BComm, Phil, LLD
Nona Macdonald
Frank F. McEachren, CVO, CM, ED
David G. C. Menzel, QC
Harry T. Seymour
Anthony A. van Straubenzee
John M. Thompson

Registration Number 0353532-21-13

The Empire Club Foundation

CONTRIBUTORS: 1990-1991

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Bankes, John F. and Pamela Gibson
Billinghurst Arts Foundation
General Mills Canada, Inc.
Griffin, John W.
Lawson, Harold R.
Michener, The Right Honourable Roland
The Henry N. R. Jackman Foundation
The Molson Companies

ENDOWMENT BENEFACTORS ($500.00 to $999.99)

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Hermant, Sidney
Jackman Foundation
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Royal Trust
Stapells, Bredin R.

BENEFACTORS ($300.00 to $499.99)

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Jack Cooper Family Foundation
Langley, Ruth and Arthur
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Lewis, Reginald W.
Seymour, Harry T.
Sobara, Joseph D.
Squires, Miriam H.
Taylor, Alan R.
The Bank of Nova Scotia
Whittaker, William G.

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Andrunyk, Stephen F.
Badovinac, Edward
Barratt, John P.
Beck, Louise M. E.
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Bertram, Andrew J.
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Burton,Theda A.
Byers, Mary R.
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Chant, Diana
Chetwynd, Sir Arthur and Lady Marjory
Clark, Paul
Clarke, Peter J.
Code, Wayne J. M.
Cohen, J. C.
Cowper, D. B.
Cranfield, Dr. Harold V., M.D.
Croll, The Hon. David A.
Danson, The Hon. Barnett J.
Dunbar, Carlyle A.
Flynn, Councillor Dennis
Franklin, Alexander
Gibson, Robert C.
Godard, Mira
Grosart, John
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Henderson, R. E.
The Houston Group Communication Ltd.
Hunter, Peter W.
Irwin, John
Jackman, Eric
John Douglas Alexander Company Limited
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Joyce, James H.
Kaye, Carrie
Kenaidan Contracting Ltd.
Korn/Ferry International
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Mason, A. V.
McCutcheon, Brenda J.
McEachern, Frank F.
McIntyre W. Malcolm
McKee, G. Ross Jr.
Menzel, D. G. C.
Mercier, Eileen A.
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E. D. Mirvish Family Foundation
Monson, Rabbi Dr. David
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Nichols, Dr. Gerald B.
Nussbaum, Mr. & Mrs. Herman
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Orr, William K.
Partington, Eric
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Paul, Vincent P.
Potts, J. H. & R. Dawn
Robert, Rev. Harold F.
Rollins-Raeburn, Interior Design
Salter, Dr. Robert B.
Scott, Angus C.
Steele, Gray M.
Spencer, Thomas E.
Squires, C. Alexander
Teasdale, Barton F.
Todgham, Douglas L.
Tory, John
Vari-Staff Limited
Waldie, Gordon
Walker, Rev. C. J.
Wellman, Joseph H.
Whiteacre, J. A. William, QC
Williams, J. K.
Wilson, R.
Xerox Canada Ltd.
Yeats, William B.

Auditors' Report

To the Members of
The Empire Club Foundation

We have audited the balance sheet of The Empire Club Foundation as at April 30, 1991 and the statement of income and expense and members' equity for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the organization derives income from donations from supporters the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these incomes was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation income, excess of income over expense, assets and surplus.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at April 30, 1991 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

SMITH, NIXON & CO.
Chartered Accountants

Toronto, Ontario
October 31, 1991

THE EMPIRE CLUB FOUNDATION
Balance Sheet as at April 30, 1991

Assets	**1991**	**1990**
Current Assets		
Cash and term deposits	$120,055	$ 95,602
Accounts and interest receivable	1,160	207
Due from The Empire Club of Canada	25,000	36,888
	$146,215	$132,697
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$103,420	$112,617
Members' Equity		
Equity	42,795	20,080
	$146,215	$132,697

Signed on behalf of the Board

John A. MacNaughton
Director

Ronald Goodall
Director

The accompanying notes are an integral part of these financial statements.

THE EMPIRE CLUB FOUNDATION

Statement of Income and Expense and Members' Equity for the Year Ended April 30, 1991

	1991	1990
Income		
Donations:		
The Empire Club of Canada	$ 25,000	$ 50,000
Supporters	36,780	10,473
Interest	9,029	5,095
	$ 70,809	$ 65,568
Expense		
Yearbook	47,226	46,983
Stationery, postage and other expenses	868	2,695
	$ 48,094	49,678
Excess of Income Over Expense	22,715	15,890
Members' Equity - Beginning of Year	20,080	4,190
Members' Equity - End of Year	$ 42,795	$ 20,080

Notes to Financial Statements for the Year Ended April 30, 1991

1. *The Foundation*

   The Foundation was incorporated on January 22, 1969 under the laws of Canada as a non-profit organization. The principal function of the Foundation is the publication and distribution of yearbooks, containing the texts of addresses to The Empire Club of Canada, to the Club's members and libraries across Canada. The Foundation's activities are funded by donations.

2. *Accounting Policies*

   The Foundation includes donations in income when received except for donations from The Empire Club of Canada which are included in income when pledged. The estimated cost of publishing and distributing yearbooks of the current year is accrued each year.

CONSTITUTION

As amended April 26, 1973

Organization of the Club

ARTICLE I

Name

1. The Name of the club shall be The Empire Club of Canada.

Purpose and Object

2. The purpose and object of the club is to promote the interests of Canada and the British Commonwealth by the consideration and discussion of subjects and events relating thereto and by any other means appropriate to the facilities of the club.

Membership

ARTICLE II

Classes of Members

1. The membership of the club shall consist of:
   (a) Honorary members
   (b) Life members
   (c) Regular members
   (d) Corporate members
   All members of classes (a), (b), (c), must be the full age of eighteen years.

Honorary Members

2. Honorary members may be elected by the unanimous vote of those present at a meeting of the board of directors. They shall be exempt from the payment of fees but shall not have the privilege of voting or holding office and their membership shall be terminated at any time by a two-thirds majority of those present at a meeting of the board of directors.

Life Members

3. Members of the club in good standing (other than corporate members) and other persons regularly proposed may be elected life members by a two-thirds

majority of those present at a meeting of the board of directors. Life members shall pay such a fee in one sum as may be fixed from time to time by the board of directors.

Regular Members

4. Save as provided in Section 5 of this Article candidates for regular membership shall be proposed by a member in good standing and shall be elected by a two-thirds majority of those present at a meeting of the board of directors.

Save as provided in Section 5 of this Article regular members shall pay respectively such annual fees as may be fixed from time to time by the board of directors.[1] Members elected after the first day of March in any year shall pay one annual fee only in respect of the period from the date of election until the thirtieth day of September in the following year. No member in arrears for fees after January 1 shall be considered in good standing.

Corporate Members

5. Any company, partnership or business organization shall be eligible for election as a corporate member. Applicants shall be proposed by a member in good standing and the application shall contain the names and positions of the persons nominated by the applicant as its representative regular members. The applicant and its nominated representatives shall be elected by a two-thirds majority of those present at a meeting of the board of directors. A corporate member shall be entitled to nominate such number of its representative regular members as may be fixed from time to time by the board of directors and shall pay such annual fee as may be fixed from time to time by the board of directors, provided that such fee shall not be

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[1] *By resolution of the Board, November, 1981, and under Article II, 4, of the Constitution, it was agreed that the club charge a lesser membership fee for spouses living at the same residence, and that this fee should be fixed annually.*

less than the aggregate fees which would have been payable on an individual basis by such representative members for the year in question. Save as in this section provided no fee shall be payable by or in respect of the representative regular members of a corporate member.

Directors

ARTICLE III

Duties and Powers

1. The affairs of the club shall be managed by a board of directors who may exercise all such powers and do all such acts and things as may be exercised or done by the club and are not by the by-laws or by law directed or required to be done by the club at a general meeting of its members. At all meetings of the board of directors the chairman of the meeting shall have a casting vote.

Number and Quorum

2. The board of directors shall consist of forty members of whom sixteen shall constitute a quorum. The board of directors shall include at least four past presidents of the club, one of whom shall be the immediate past president and three others shall be the three past presidents immediately preceding the immediate past president if they are willing and able to act as directors.

Election of Directors

3. A nominating committee consisting of five members of the board of directors and four other regular members of the club shall be appointed annually by the board of directors at least thirty days prior to the annual meeting and shall prepare a list of nominations for directors for the ensuing year. The chairman or acting chairman of the nominating committee shall report the nominations of that committee to the annual meeting at which the board of directors shall be elected, but nothing herein shall preclude the nomination of other persons for the office of directors at the annual meeting. If nominations do not exceed the number of directors necessary, the chairman of the

meeting may instruct the Secretary-Treasurer to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the chairman to have been duly elected. No person shall be elected a director unless he is a regular member in good standing and is a Canadian citizen or a British subject.

Meetings of Directors

4. Meetings of the board of directors shall be called by the President, or on a requisition signed by three of its members. Written notice of such meetings shall be given to each director five days or more before the meeting is to take place, provided that a meeting may be held at any time if all the directors are present or if those absent have waived notice of or otherwise signified their consent to such meeting being held in their absence or have approved or signified their approval in writing to the proceedings taken at the meeting. The board may appoint a day or days in any month or months for regular meetings, at an hour or place to be named, and of such regular meetings, no notice need be given.

Casual Vacancies

5. In the event of any vacancy occurring in the office of director, the remaining directors may fill the vacancy from among the members for the unexpired portion of the term of office of the person whose office is vacant.

Officers

ARTICLE IV

1. The officers shall consist of an Honorary President, an Honorary Vice President, a President, First, Second and Third Vice Presidents, an Honorary Treasurer, an Honorary Secretary, a Secretary and a Treasurer. The board of directors may from time to time elect or appoint such other officers as it shall deem necessary. The President and the Vice Presidents shall be directors of the club but other officers need not be directors. No person other than the Honorary President and the Honorary Vice

President shall be eligible for office unless he is a member in good standing. The President shall, when present, preside at all meetings of the members and of the board of directors. During the absence or inability to act of the President, the Vice Presidents in order of seniority shall act as chairman at such meetings and otherwise perform and exercise the duties and powers of the President.

Appointment of Officers

2. The board of directors shall meet as soon as convenient after their election for the purpose of appointing the officers of the club for the period ending April 30 in the next year but each officer shall continue in office until his successor is elected.

Casual Vacancies

3. In the event of a vacancy occurring in any office the board of directors may fill the vacancy for the unexpired portion of the term.

Honorary Auditor

4. An Honorary Auditor shall be appointed at each annual meeting. An audited statement of the finances of the club for the fiscal year shall be published annually and a copy shall be sent to each member.

Committees

ARTICLE V

1. The following standing committees and the chairman of each shall be appointed by the board of directors as soon as convenient after the election of the board:
   (a) Budget and Finance Committee
   (b) Speaker's Committee
   (c) Membership Committee
   (d) Constitution Committee
   (e) Reception Committee
   (f) Publicity and Public Relations Committee
   (g) Yearbook Committee
   (h) Head Table Committee
   provided that for any year the board of directors

may by resolution elect not to appoint any one or more of such committees.

2. The President or the board of directors may from time to time appoint such other committees as may be deemed expedient.

Meetings of Members

ARTICLE VI

General Meetings

1. The club shall hold general meetings weekly, if possible, from October to April, both inclusive, in each twelve months with such intermissions as may from time to time be determined by the board of directors. Special meetings of the club may be called at any time by the President.

Annual Meeting

2. The annual meeting shall be held not later than April 30 in each year. At the annual meeting a report of the year's proceedings and work shall be submitted by the President and this report shall be accompanied by an interim report from the Secretary-Treasurer.

Notice of Meetings

3. Written notice of all meetings shall be given all members of the club before the date on which the meeting is to be held. Such notice shall be sufficient if addressed to the members, and deposited post paid in the post office in Toronto. The accidental failure or omission to give notice to any member shall not invalidate the proceedings at any meeting.

Quorum at Meetings

4. Sixteen members in good standing shall constitute a quorum at any meeting of the club, general, annual or special, and the chairman of the meeting shall have a casting vote.

Limitation of Business at General Meetings

5. No business other than the hearing of the addresses shall be introduced at any meeting of the club by any person

other than the chairman of the meeting, unless it has been submitted to the board of directors and received its approval.

Fiscal Year

ARTICLE VII

The fiscal year of the club shall end on such day in each year as may be fixed by the board of directors but unless so fixed by the board shall end on April 30.

Amendments

ARTICLE VIII

Subject to the provisions of The Corporation Act this constitution may be amended by the board of directors, but unless in the meantime confirmed by a majority of the members present in person at a meeting of the members duly called for that purpose, any amendment is effective only until the next annual meeting of members unless so confirmed thereat and, in default of such confirmation thereat ceases to have effect at and from that time, and in that case no new amendment of the same or like substance has any effect until confirmed at a meeting of the members.